SAMARKAND
GROUP plc.

2022

Annual Report 2024

SAMARKAND GROUP plc.

About Samarkand

Samarkand is a consumer brand owner and distributor operating a scale up platform for niche, premium, multichannel, health and healing brands.

Core owned brands include Napiers the Herbalists, Scotland's oldest natural herbal apothecary and Zita West, a leading specialist supplement line for fertility and reproductive health. Platform services include marketing, sales and channel development with a focus on social commerce, China market entry, international expansion and manufacturing. In addition, the group works as the exclusive China market partner for a select portfolio of niche luxury skin care brands and connects these brands to the Chinese consumer via cross border eCommerce.

Contents

Highlights

Distribution revenues

+13%

Brand Ownership revenues

+16%

We are pleased with the progress being made in shifting the business towards profitability and in defining the future direction of the Group as a scale up platform for niche, meaningfully different, health and healing brands, anchored in fast growing consumer segments, with the ability to introduce those brands to the Chinese consumer.

FY24 Financial Highlights:

- Revenue decreased by 3% to £16.9m (2023: £17.5m).
  - Brand Ownership revenues increased 16% to £7.7m (2023: £6.7m).
  - Brand Acceleration revenues decreased 18% to £8.2m (2023: £9.9m).
  - Distribution revenues increased 13% to £0.74m (2023: £0.66m).
- Gross margin increased from 55% to 60%.
- Adjusted EBITDA* loss decreased by 60% to £0.9m (2023: £2.2m), a second year in a row of over 50% reduction in adjusted EBITDA losses.
- Net loss after taxation increased by 4.3% to £4.8m (2023: £4.6m) as a result of a non-cash impairment charge of £2.1m (2023: £nil).
- Q4 adjusted EBITDA loss was £80k demonstrating ongoing improvement in run rate.
- Cash and cash equivalents at 31 March 2024 was £0.9m (2023: £2.0m).
- Owned brands, Napiers the Herbalists and Zita West revenues grew 90% and 9% respectively over the prior year on the back of strong sales in the UK and ROW.
- Sales of third-party brands in China declined c18% year over year with no sign of improvement. We do not see any short to mid-term improvement in the trading environment in China and will continue to adjust our portfolio and operations accordingly.

FY24 Strategic and Operational Highlights:

- Significant reduction in adjusted EBITDA losses compared to prior year as a result of adjustments to the Group's cost base and an improvement in gross profit margins as the Group focuses on its core activities and its goal of moving the Group into profitability.
- Strong growth in Brand Ownership year over year contributed to improving gross margins and reduction in losses as well as reducing the Group's dependency on the Chinese market. Revenue from Brand Ownership now accounts for 46% of Group revenues.
- Brand Ownership growth was generated by product quality and packaging upgrades, new product development, marketing enhancements, development of social commerce channels, successful launch into the China market leveraging our existing capabilities and flexible manufacturing capacity enabling the Group to respond quickly to consumer and channel demand.
- Napiers the Herbalists, a natural herbal health, wellness and beauty brand and Zita West a specialist supplements brand for fertility and reproductive health, grew revenues in their core UK market at 90% and 9% respectively year on year.
- Napiers the Herbalists brand run rate revenues are in the range of £3.0m to £4.0m and Zita West run rate revenues are in the range of £2.0m to £3.0m and with exciting potential for further growth and development for both propositions.
- Recognising the changing market dynamics in China in terms of weaker consumer demand, increased competitive intensity, rising promotional discounting and high levels of in market inventory across the industry, the Group adopted a more selective approach to distributing third-party brands in China, concentrating its resources on fewer brands where it believed the conditions are right for success in the current operating environment.

- Investment in Nomad Checkout solution was withdrawn in the year as a result of insufficient market traction from merchants and logistics partners. In the current operating environment, the Group does not see the conditions for sustainable commercialisation of this offering therefore, alongside the change in the Group's approach to the China market, an impairment charge of £2.1m has been recognised which represents the carrying value of the Nomad platform.
- Continued selective reduction in operating costs as the Group concentrate more of its resources on the most attractive and profitable activities. Key highlights include warehouse relocation to a more cost-effective fit for purpose site and the reduction in Group administrative expenses, before exceptional costs, by 17% when compared to prior year.

Post Year End Highlights

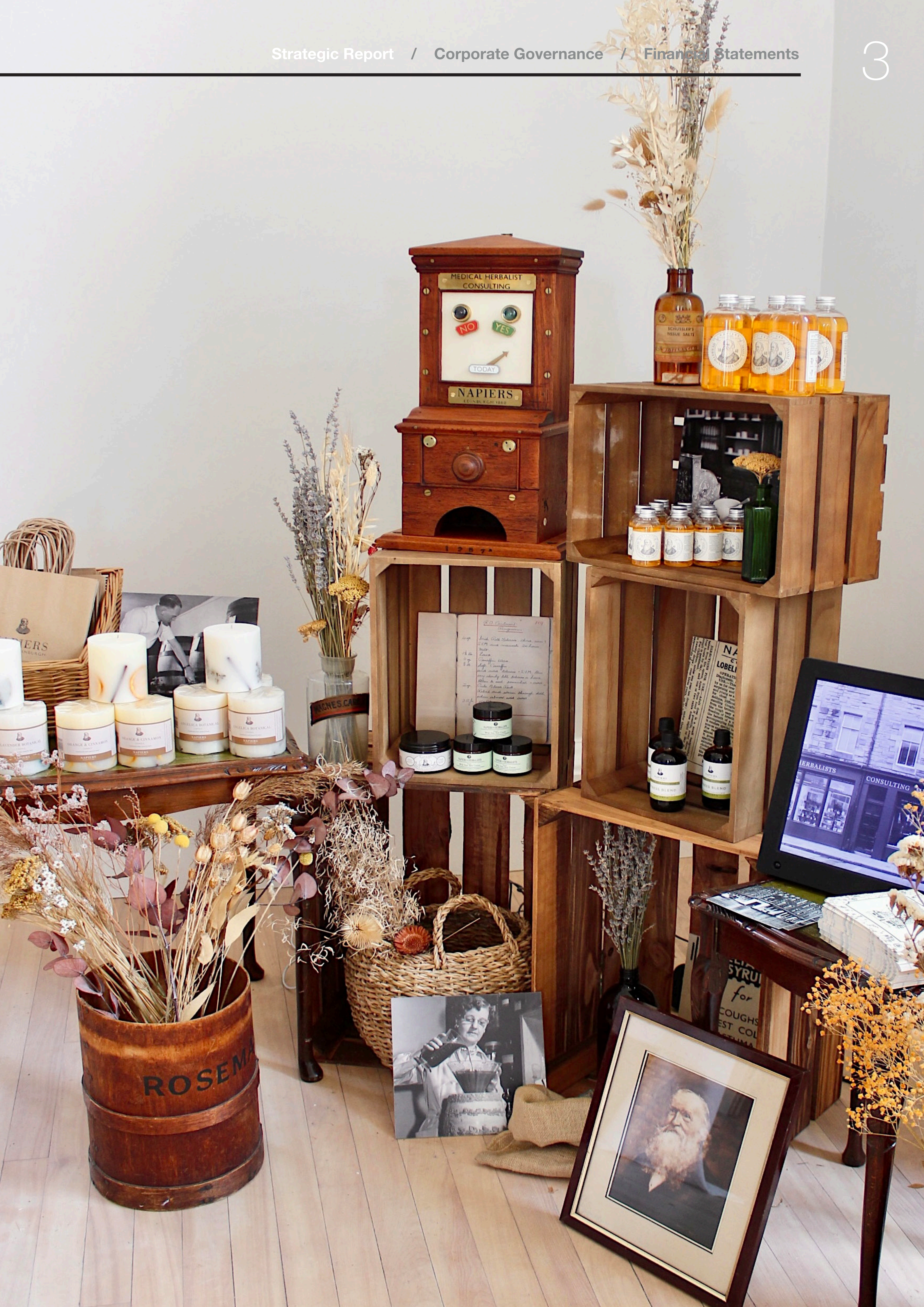
Q1 Trading

- Q1 FY 2025 revenues were 17% below prior year despite healthy growth in our owned brands and distribution in the UK and ROW which grew 40% compared to the same period last year. The decrease in revenues is attributable to challenging trading conditions in China and disruption while we adjust the Group's strategy and operations in the market.
- Q1 adjusted EBITDA loss is estimated to be 27% lower than the prior year despite the reduction in top line revenues.
- Owned brands sales in the UK have started strongly with Napiers the Herbalists and Zita West achieving year over year growth of 122% and 20% respectively.
- China revenues were impacted by shifts in portfolio of third-party brands we distribute, weak overall eCommerce market performance and reduction in historical sales peaks as the market adjusts to lower consumer sentiment. Our focus on profitability also meant that a number of potentially unprofitable sales activities were rejected in the first quarter which further impacted top line sales.

Owned Brand Portfolio Adjustments - Acquisition and Disposal

- Acquisition of Optimised Energetics Ltd completed on 21 May 2024, a natural health and healing brands owner and a manufacturer of premium skincare. For a 12-month period ending 31 March 2024, Optimised Energetics Ltd generated £1.2m of revenue and an EBITDA of £0.3m on an unaudited basis.
- Disposal of our probiotic brand Probio7 completed on the 13 June 2024 for a total consideration of £1.3m to be satisfied by initial consideration of £1.1m in cash and deferred consideration of £0.2m payable in cash, in equal instalments over a 12-month period.
- The disposal of Probio 7 enables the Group to increase resources behind our faster growing brands Napiers the Herbalists, our natural herbal apothecary brand and Zita West, our specialist supplement brand for fertility and reproductive health.
- Unsecured, unconvertible loans made by the Directors on a bridging basis to enable the acquisition of Optimised Energetics Ltd were repaid on the 18 June 2024 following the disposal of Probio7.

* EBITDA and Adjusted EBITDA are non–GAAP measures used to represent the trading performance and results of the Group. EBITDA is defined as profit or loss before tax adjusted for finance income and expense, depreciation and amortisation. Adjusted EBITDA excludes those items the Group considers to be non–recurring or material in nature that may distort an understanding of financial performance or impair comparability.


MEDICAL HERBALIST
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COUGHS

Strategy & Business Model

Our strategy has shifted in the course of the last 18 months as the performance of our owned brands primarily in the UK has remained strong in terms of revenue growth and contribution profit generated. At the same time due to evolving China market dynamics, and the costs of operating in the market, the returns generated from distributing third-party brands in China have become less favourable.

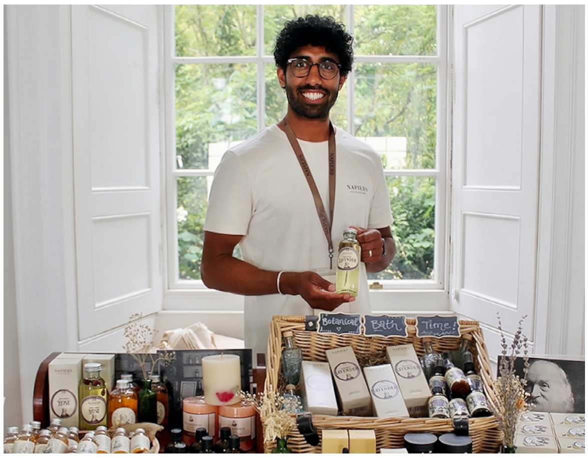
As a result, we increased resources behind our owned brands across the board and adopted a more selective approach to distributing third-party brands in China, shifting to working through local partners. We intend to work as the China market partner for a smaller portfolio of third-party brands and shift more of our China focused resources to growing our owned brand sales in China - working with a select network of local partners who have large scale sales and marketing networks, the size and reach of which we would be unable to replicate without major investment.

Our future as a scale up platform for meaningfully different, high potential, niche brands in the health and healing space - brands targeted at fast growing consumer segments with long term growth potential. Our platform offers brands shared sales, marketing, supply chain and logistics and corporate services. Our growth playbook covers innovation and product development, DTC, eCommerce and premium retail sales, social commerce and internationalisation. Our operations playbook includes warehousing and logistics, manufacturing and sourcing services.

While our activities are less dependent on the market in China, we consider the ability to market international brands to the Chinese consumer a key part of our proposition for owned and third-party brands. We believe a streamlined approach to the market is a more efficient way to monetise the Group's experience in the world's largest consumer/eCommerce market and enables us to tap the potential offered by the Chinese market with less risk, leveraging our specific strengths alongside those of local partners. The ability to offer China market entry to niche brands is a differentiated capability for our platform which can generate significant sales for niche brands.

On the technology front we withdrew our investment in the Nomad Checkout solution as we found it challenging to generate the necessary market traction from merchants and partners and we are no longer supporting this product. This was reflected in an impairment of charge of £2.1m.

As a scale up platform for niche, founder led, health and wellness brands we see opportunity to accelerate growth in our existing brands and scope for future acquisitions to strengthen our portfolio and add to our platform services.



Brand Ownership

Napiers the Herbalists

Napiers the Herbalists is our natural herbal skincare and remedies brand. Napiers was founded by eminent Victorian botanist and the most famous herbalist in Scotland, Duncan Napier, in 1860. Over the last 164 years, it has become one of the UK's leading names in complementary and natural health care. Napiers' natural herbal apothecary and clinic offers herbal remedies and natural herbal skin care solutions to consumers from their original store at Bristo Place in Edinburgh's Old Town and online.

Today, Napiers continues to honour Duncan Napier's passion for providing natural health care to all. Napiers products are proudly made in Britain with carefully selected natural ingredients that harness the healing power of plants.

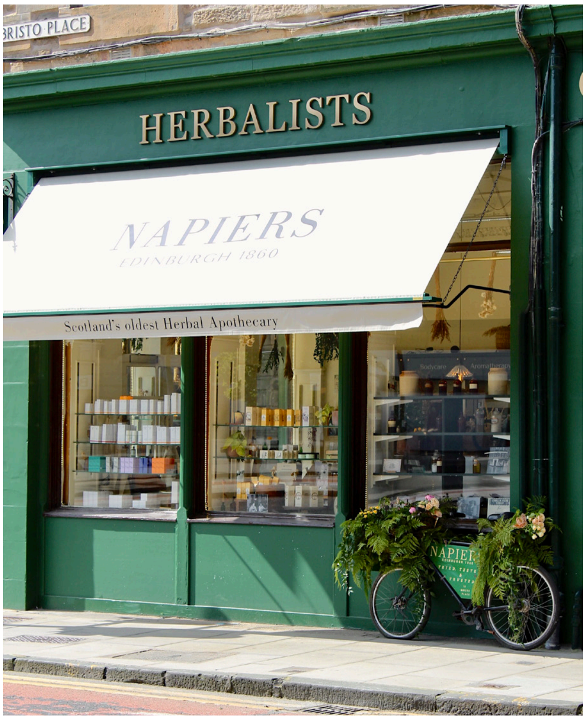
This year we celebrated the 164th birthday of Napiers with a number of marketing activities in store, in the Edinburgh community and online.

Napiers has enjoyed strong year over year growth of c 90% as a result of:

- Upgrading of the customer experience at our original Apothecary store at Bristo place in Edinburgh's old town.
- Introducing new premium natural herbal skin care lines in store and online.
- Relaunch of the napiers.net eCommerce site.
- Entry into social commerce channels and premium London pharmacy retailers.
- New strategic partnership in China with a local sales and marketing specialist.

We see strong long term growth potential for Napiers the Herbalists on the basis of growing consumer demand for natural herbal remedies and beauty solutions and increasing awareness of the merits of medical herbalism and continuing challenges consumers face in accessing traditional healthcare in the UK and overseas.

The acquisition of Optimised Energetics Ltd secures flexible manufacturing for Napiers product line and ensures we can continue to capitalise on consumer and channel trends and remain agile in our sales and marketing activities.



Zita West Products

Zita West is a specialist fertility and reproductive health supplement product line and education platform which assists men and women in achieving their fertility goals. Founded by Zita West, a leading authority on fertility following a 25-year career as midwife, we acquired Zita West Products Limited in May 2021.

Zita West brand offers a high touch, education led customer experience and engages with over 5,000 customers every month through a variety of platforms including Zitawest.com, individual consultations, online webinars, marketplaces and livestreams.

Through product development, product quality and packaging upgrades and enhanced marketing with a focus on education and one-on-one support for customers we have been able to grow the proposition substantially and help an increasing number of customers on their fertility and post-natal journeys.

The brand has generated consistent year over year growth in the UK and ROW, as a result of new customer acquisition and strong customer loyalty and retention.

We see strong long term growth potential for Zita West based on declines in birth rates across the globe and increasing government interventions at the national level to reverse this trend and growing awareness of post-natal health and wellbeing and recovery post childbirth. WHO estimates that 1 in 6 couples worldwide is facing fertility challenges. With a clinical heritage, a strong track record of helping consumers achieve their fertility goals, a commitment to customer care and education and our premium formulations we believe Zita West brand is well positioned to capitalise on this trend.

Nature's Greatest Secret and BeNatural Essentials

The acquisition of Optimised Energetics Ltd brings two on profile natural health and healing brands into our platform - Nature's Greatest Secret and BeNatural Essentials.

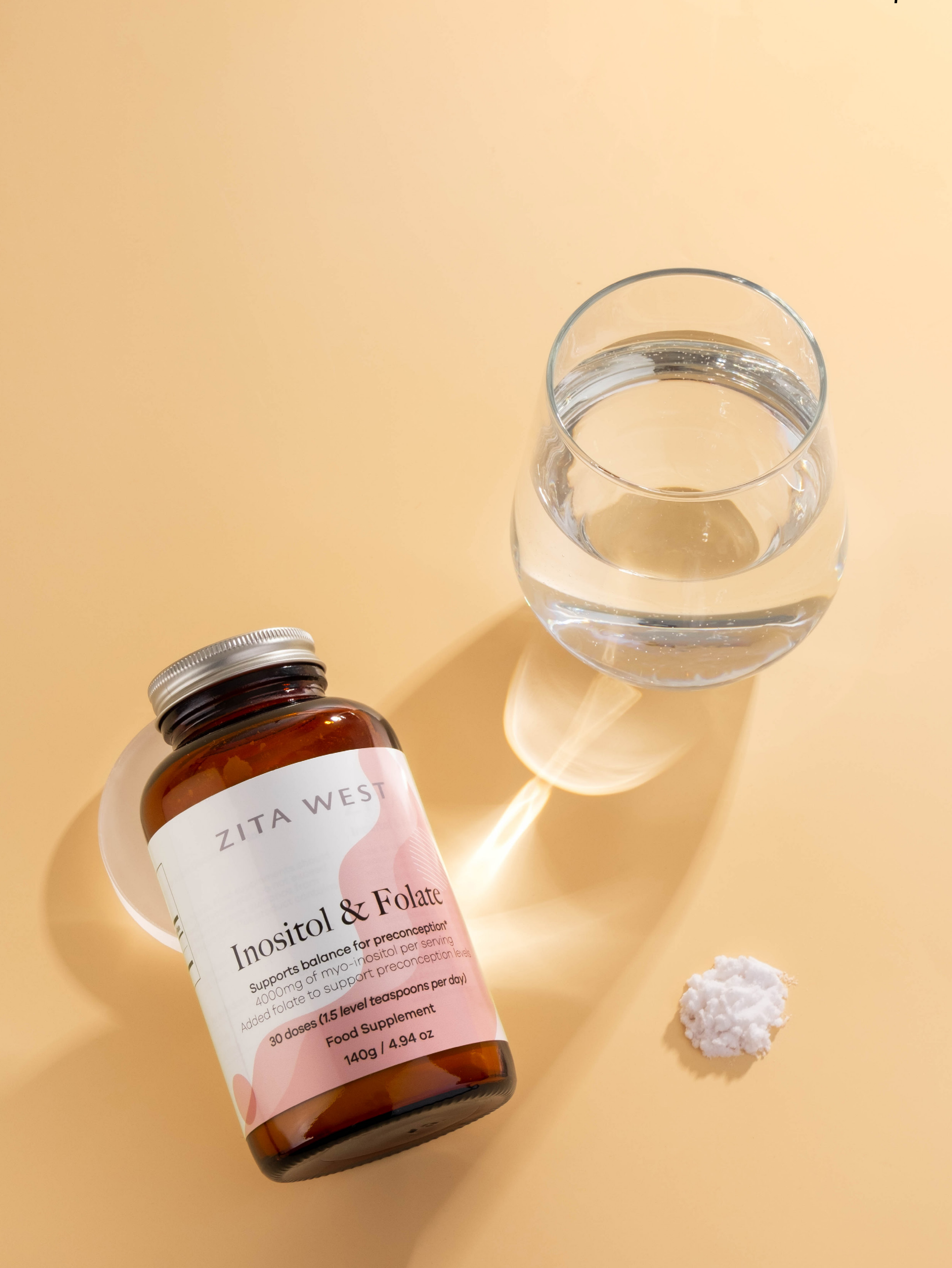
Nature's Greatest Secret is the UK's number 1 colloidal silver brand, specialist in antibacterial personal care for consumers and pets. Colloidal silver is naturally antibacterial and has multiple applications in skincare and health and healing.

The brand offers a range of natural solutions for consumers and pets in the format of sprays, gels, creams and drops. Nature's Greatest Secrets products are highly regarded by consumers with over 10k reviews across platforms including Amazon with excellent ratings.

Nature's Greatest Secret is sold direct to consumers from its own eCommerce site and is available on Amazon. The fast-growing pet range, in particular natural eye and ear drops and flea and tick repellent, was recently introduced into national pet retailers Pets at Home and Jollyes.

BeNatural Essentials is a natural colloidal silver brand developed for the Amazon platform and has a strong position within the category offering customers a more accessible colloidal silver solution and enjoys strong support from Amazon as an exclusive brand.

The global colloidal silver market is estimated to be worth US$ 800 million with a growth rate of 10% per annum forecast for the next 10 years. The application of colloidal silver in beauty, healthcare and health and wellness solutions for both consumers and pets is expanding generating strong growth momentum.


ZITA WEST
Inositol & Folate
Supports balance for preconception*
4000mg of myo-inositol per serving
Added folate to support preconception levels
30 doses (1.5 level teaspoons per day)
Food Supplement
140g / 4.94 oz

Chairperson's Statement

Samarkand has consistently demonstrated its ability to adapt to changing market conditions and keep moving forward. The shift to focus on the portfolio of owned brands will accelerate the Group's path to profitability.

I am delighted with the progress being made in Samarkand in shifting the business towards profitability and in defining the future direction of the Group as a scale up platform for niche, differentiated, health and healing brands with the special ability to introduce those brands to the Chinese consumer.

I would like to take this opportunity to thank the entire team for their contribution and commitment, as well as their resilience and adaptability in moving the group forward over the last 12 months, particularly in the face of an increasingly difficult trading environment for international consumer brands in China.

The momentum behind the Groups portfolio of owned brands is encouraging and the future for those brands looks promising on the basis of the categories, segments and trends which they tap, their differentiated positioning and the agility of the teams that are managing these brands.

The acquisition of Optimised Energetics Ltd and disposal of Probio7 are positive strategic adjustments to the portfolio of owned brands which improve the growth profile of the portfolio and lock in manufacturing flexibility as well as providing the group with some additional working capital to enable it to pursue its strategy.

While China no longer defines the entirety of the Group's activities it remains an important aspect of the platform and gives the Group a differentiated capability in offering niche brands the opportunity to reach Chinese consumers.

Board and Governance

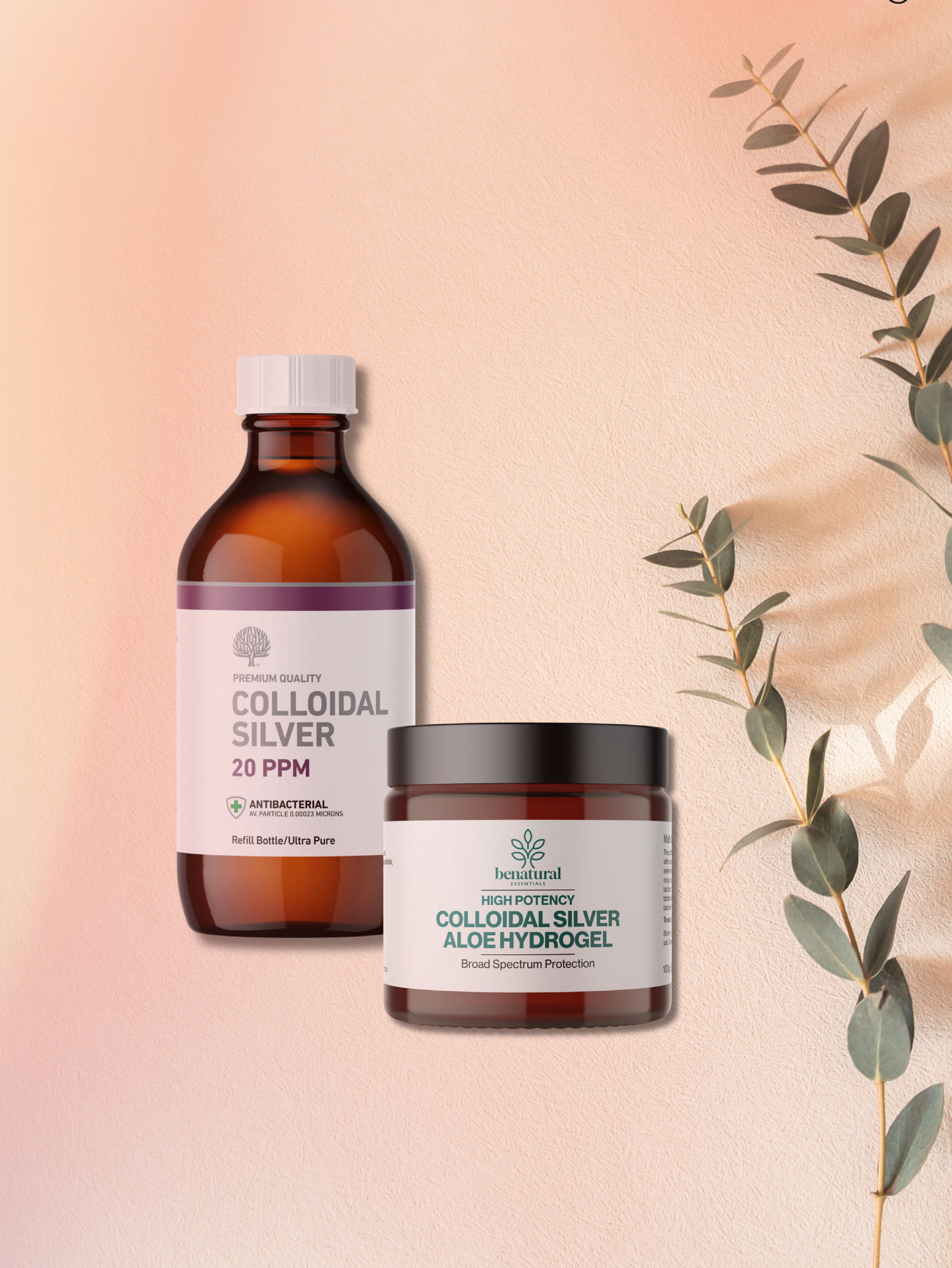
Our Board which was established at the time of the IPO is operating well, bringing a wealth of experience to the Group I would like to thank my fellow Directors for their service and commitment in the last year in which their guidance to the business has been invaluable.

Summary and Outlook

Samarkand has consistently demonstrated its ability to adapt to changing market conditions and keep moving forward. The shift to focus on the portfolio of owned brands will accelerate the Group's path to profitability. The Group has proven it is able to acquire niche, premium health and healing brands and improve the top and bottom line in those brands. I look forward to seeing further growth and development of the Group's owned brands including the recently acquired Nature's Greatest Secret and Be-Natural Essentials.

Tanith C Dodge

Tanith Dodge
Chairperson
9 August 2024


PREMIUM QUALITY
COLLOIDAL SILVER
20 PPM
ANTIBACTERIAL
AV. PARTICLE 0.00023 MICRONS
Refill Bottle/Ultra Pure
benatural
ESSENTIALS
HIGH POTENCY
COLLOIDAL SILVER
ALOE HYDROGEL
Broad Spectrum Protection

CEO Review

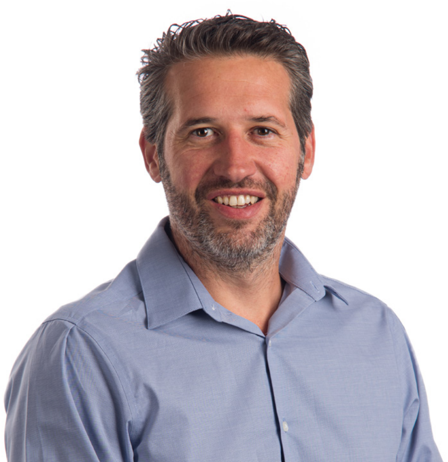
I am especially pleased with the growth and contribution generated from our portfolio of owned brands and am excited about the future potential for these brands.

We have made strong progress towards our goal of becoming profitable despite an increasingly challenging trading environment in the Chinese market where consumer confidence remains low, competitive intensity is accelerating and promotional warfare between brands and channels is now the norm.

By concentrating our resources on profitable activities, scaling back and withdrawing from less attractive activities we have further reduced adjusted EBITDA losses by c60% year over year despite a small decline in headline revenue year over year.

I am especially pleased with the growth and contribution generated from our portfolio of owned brands and am excited about the future potential for these brands. Both Napiers the Herbalists and Zita West are well positioned against key trends, and we are confident in their long-term growth potential. I would like to welcome the Optimised Energetics team to the Group and while we have known them for a long time through our Napiers partnership we look forward to working with them to grow and develop their brand, Nature's Greatest Secret and to solidify their position as our platform manufacturing capability.

The disposal of Probio7 and the addition of Optimised Energetics Ltd leave us with a well-positioned portfolio of high growth, high potential, differentiated owned brands and the addition of vertically integrated manufacturing further strengthens the competitiveness of our platform.

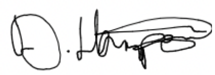


We are clear that our future lies in building a portfolio of high growth, high potential niche health and healing brands and leveraging our resources across these brands as a shared platform for profitable growth. We see lots of opportunity to further expand our brands to new consumers and markets and will increase investment in them selectively as and when funds are available to do so.

The ability to introduce brands to the Chinese consumer will remain an important group capability and a differentiating factor in our platform for brands. As a result of changes in the Chinese market place the balance of risks and rewards of distributing third-party brands in China has become less favourable. Therefore, we are being far more selective on the number and nature of third-party brands we work with and increasingly work with local partners to leverage their sales and marketing reach vs doing everything with our own resources. In line with our overall strategy more of our China resources will be focused on the development of our owned brands in the market and a smaller portfolio of select third-party brands.

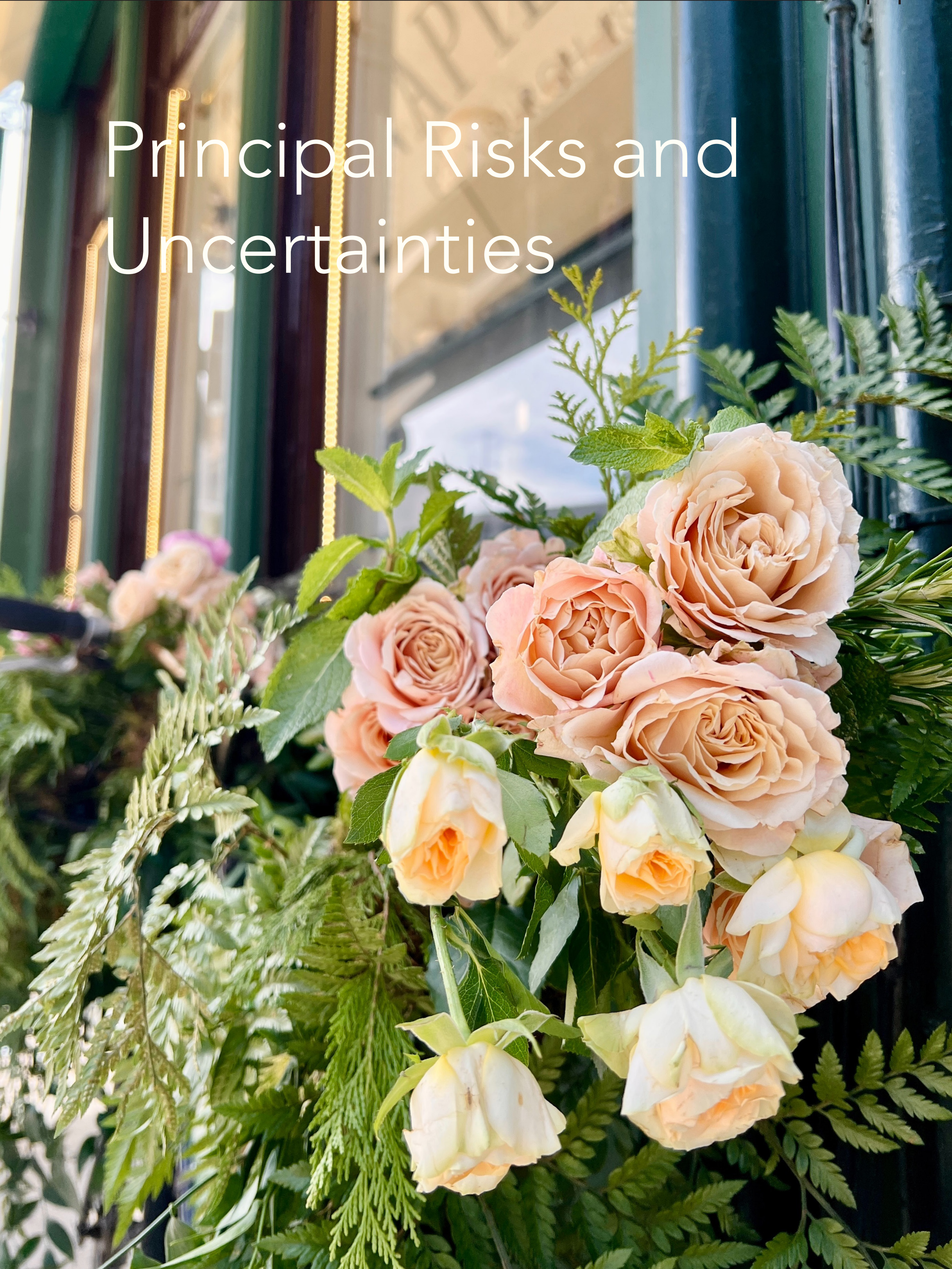
Once our goal of moving the Group into profit is secure we will work on increasing investment behind the scaling of our owned brands and to selectively add to the portfolio in the future through acquisition in terms of brands and additional platform services.

Whilst the underlying value of the Company, in terms of its assets, capabilities and potential, is not currently reflected in the share price, we remain focused on improving the underlying performance of the business and increasing shareholder value.



David Hampstead
Chief Executive Officer
9 August 2024

Principal Risks and Uncertainties

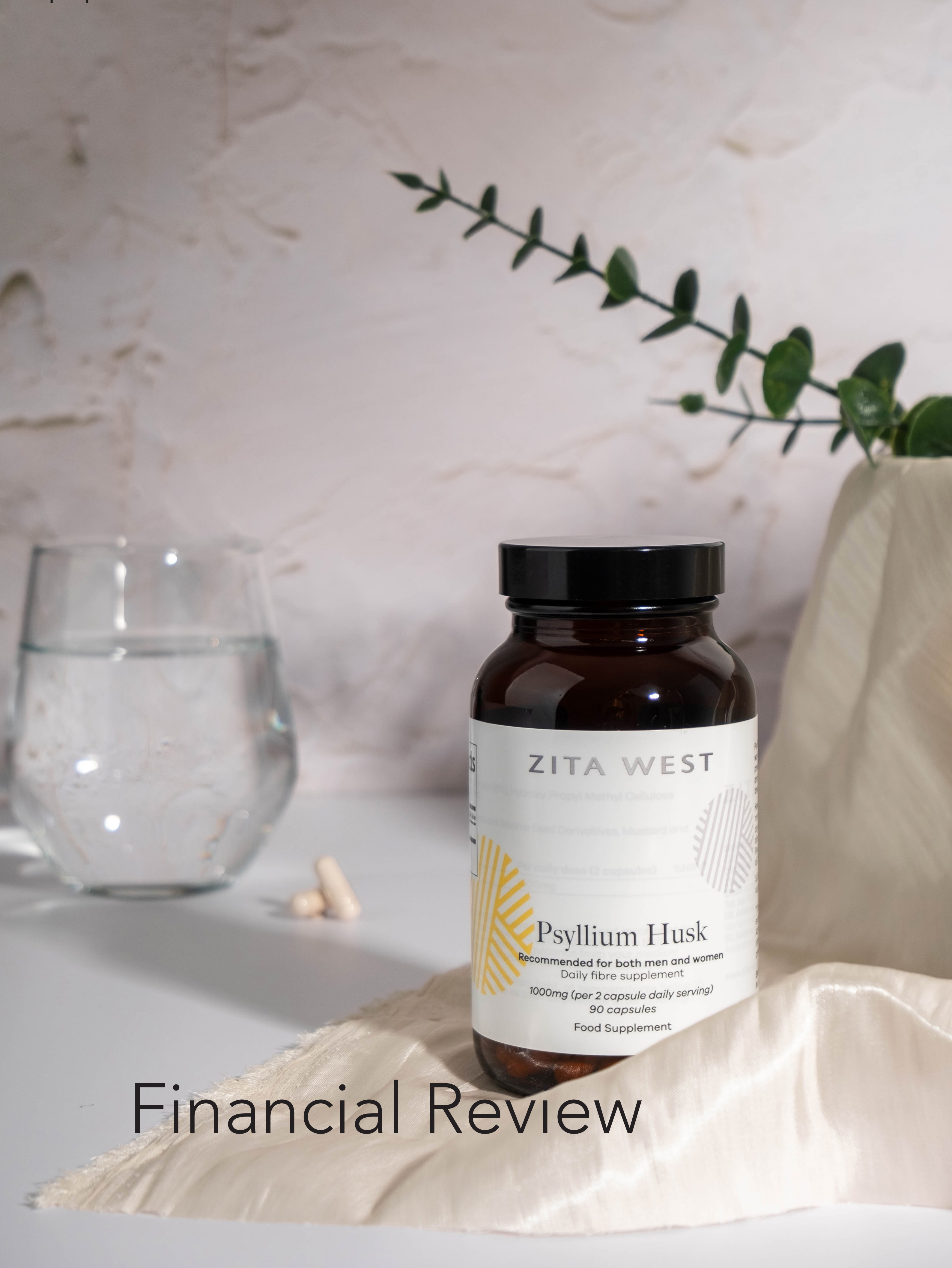


Principal Risks and Uncertainties

The Board monitors and assesses the risks faced by the Group across the business activities and territories in which it operates and has identified the areas it considers to be most relevant.

Risk	Description	Mitigation
Structural Changes in the Chinese eCommerce Market	The Chinese eCommerce industry is highly advanced and rapidly changing. Platforms that achieve rapid market share can become significant parts of the eco-system or fall as quickly as they rise. There has been a large movement of consumers from Alibaba platforms such as Tmall and Taobao to newer platforms such as Pinduoduo and Douyin in the past 18 months. Trading conditions in the Chinese eCommerce market become less favourable to international brands and potential returns are diminished through price and promotional discounting. Declining consumer confidence, weaker demand, higher levels of discounting and increased competitive intensity between brands, faster growing domestic brands reduce potential returns in the China market.	The Group closely monitors developments in the industry and evaluates the opportunity vs resource requirement for each potential sales channel. Shift of focus to growing our owned brands in the UK and concentrating more of our China sales efforts on our owned brands where the margin structure means we are better able to compete. Reducing exposure to China sales. Reduced portfolio of third-party brands for distribution in China – concentrating on brands where the conditions are suitable for the current operating environment.
Geopolitical issues	Geopolitical tensions have and could continue to occur between China and other countries which may have adverse impacts on trade of goods from those countries. Consumers may also form negative sentiments towards products or brands from countries or regions due to social, political or other reasons outside of the Group's control. The increased interest in domestic brands has gained traction in some categories but as anticipated has not extended to the main sectors in which the Group operates.	Revenue from markets outside China and from the Group's own brand portfolio has increased and will be a continued focus. More selective approach to distribution of third-party brands in China – focusing on brands with the highest conditions for success vs domestic brands.

Risk	Description	Mitigation
Shifts in Consumer Trends	Changes in consumer trends which are adverse to our owned brand portfolio. Owned brands are positioned against trends of natural herbal remedies and natural herbal skincare and assisted fertility.	We have acquired brands which are positioned on long term trends and shifts in consumer attitudes which are prevalent in our home market and globally. Independent analysts predict long term compound growth for natural herbal skin care and remedies. Declining birth rates across the globe mean that societal focus on fertility is increasing. Independent analysts forecast long term growth in fertility spending by consumers, health care providers and governments. Adjustment in our portfolio of owned brands to concentrate on brands with strong differentiation on key trends.
Loss of a Major Sales Channel or Client	Client contracts typically have annual sales targets attached which may or may not be met based on factors outside of the Group's control such as stock availability, logistics or delivery issues. Channels and platforms that the Group sells on may reduce their activity or cease to trade in the event of economic downturn.	The Group has sought to develop a wider base of sales channels for its brands including direct to consumer eCommerce sales, marketplaces such as Amazon and Tmall, select premium retail outlets and social commerce channels such as TikTok Shop.



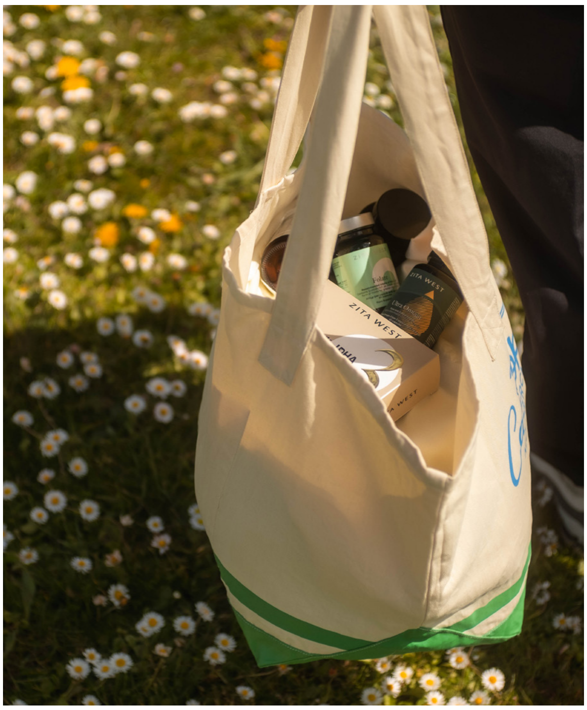
Financial Review

Overview

Group revenues for the year decreased by 3% to £16.9m (2023: £17.5m). Revenue in China decreased as the changes in the market dynamics with weaker consumer demand, increasing competition, rising promotional discounting impacted the Group's ability to generate good quality revenue in this Market, revenues decreased 17% to £9.8m (2023: £11.7m). Revenue growth in the UK and ROW increased significantly due to strong growth in Brand Ownership, with new sales channels, new product development, increasing marketing focus and reach. Revenues in the UK and ROW increased by 24% to £7.2m (2023: £5.8m).

Revenues in Brand Ownership up 16% to £7.7m (2023: £6.7m), Brand Acceleration is down 18% to £8.2m (2023: £10.0m). Distribution revenues increased by 13% to £0.74m (2023: £0.66m).

The Group's gross margin increased to 60% from 55% in FY 2023, driven by increase in revenues from Brand Ownership as a % of total revenue and a change in channel mix.



Operating Expenses

Selling and distribution expenses, have increased to 34% (2023: 31%) of revenue, as a result of increasing promotional discounting and competition in China. Although, contribution margin is 2 points ahead of FY 2023 because of the structural changes in the sales mix and the focus on operational efficiency.

Administrative expenses increased to 48% (2023: 44%) of revenue as the Group has taken a non-cash impairment charge in relation to its Nomad Platform. In addition to the impairment charge, the Group incurred a number of significant non-recurring costs which have been shown separately in the financial statements. These items include redundancy and restructuring costs as a result of the Group's adjustment to its cost base in light of the challenges presented by changing market in China. Excluding significant non-recurring costs, administrative expenses have decreased to 32% (2023: 37%) of revenue with selective adjustments made to its cost base. The Group's total head count as at 31 March 2024 was 87 (2023: 104).

Depreciation and Amortisation

The total depreciation and amortisation costs were £0.3m and £0.7m respectively (2023: £0.4m and £0.8m).

Adjusted EBITDA

Adjusted EBITDA means the non-GAAP measure which is defined as Earnings Before Interest, Taxes, Depreciation, and Amortisation and exceptional items. It provides a useful measure of the underlying profitability of the business and is used by management to evaluate the operating performance to make financial, strategic and operating decisions and provides the underlying trends on a comparable basis year on year.

Adjusted EBITDA losses decreased to £0.9m (2023: £2.2m), after deducting £2.1m in impairment charges, £0.5m in restructuring costs, £0.2m for share-based payment expenses and £1.0m in depreciation and amortisation expenses. The decrease in losses is a result of the adjustments made to the Group's cost base, improvements made in operating efficiencies and continued strong growth in our owned brands.

Financial Review

Continued

Adjusted EBITDA Cont.

	March 2024	March 2023
Operation loss	**(4,612,714)**	**(4,587,848)**
Depreciation and amortisation	989,208	1,140,524
Share-based payment	191,800	712,271
Impairment Loss	2,080,746	-
Restructuring costs	457,594	507,085
Adjusted EBITDA	**(893,366)**	**(2,227,968)**

Earnings Per Share

Basic and diluted loss per share was 8.15 pence per share (2023: restated 8.03 pence per share).

Net Debt

	March 2024	March 2023
Cash and cash equivalents	867,524	2,017,150
Right-of-use lease liabilities	(717,400)	(573,785)
Borrowings	(1,496,488)	(1,453,298)
Net cash/(debt)	**(1,346,364)**	**(9,933)**

At the year end, the Group's net debt position was £1.3m (2023: £0.01m), excluding the IFRS 16 lease liabilities, net debt was £0.6m (2023: net cash £0.6m). The adjustments made to the Group's cost base including the reduction in its head count and the improvements to its operating efficiencies with targeted marketing and structural changes in its sales mix and activities saw the Group's negative operating cash flow fall to £0.6m from £2.4m.

The decision to stop support for our Nomad Checkout product saw a reduction in cash outflow from investing activities by £1.0m to £0.2m (2023: £1.2m). Repayment of borrowings and lease liabilities, the net cash used financing activities was £0.3m (2023: £1.5m)
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Financing costs of £0.26m (2023: £0.16m) comprised of interest expenses of £0.1m (2023: £0.1m).

Engaging with our Stakeholders

The Board recognises that Samarkand has a number of stakeholders, including shareholders, customers, employees and suppliers.

Section 172 Statement

The Board of Directors, in line with their duties under section 172 ("s172") of the Companies Act 2016, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report, and below, how the Board engages with stakeholders.

The Board regularly reviews the Company's principal stakeholders and how it engages with them. This is achieved through information provided by management and also by direct engagement with stakeholders themselves.

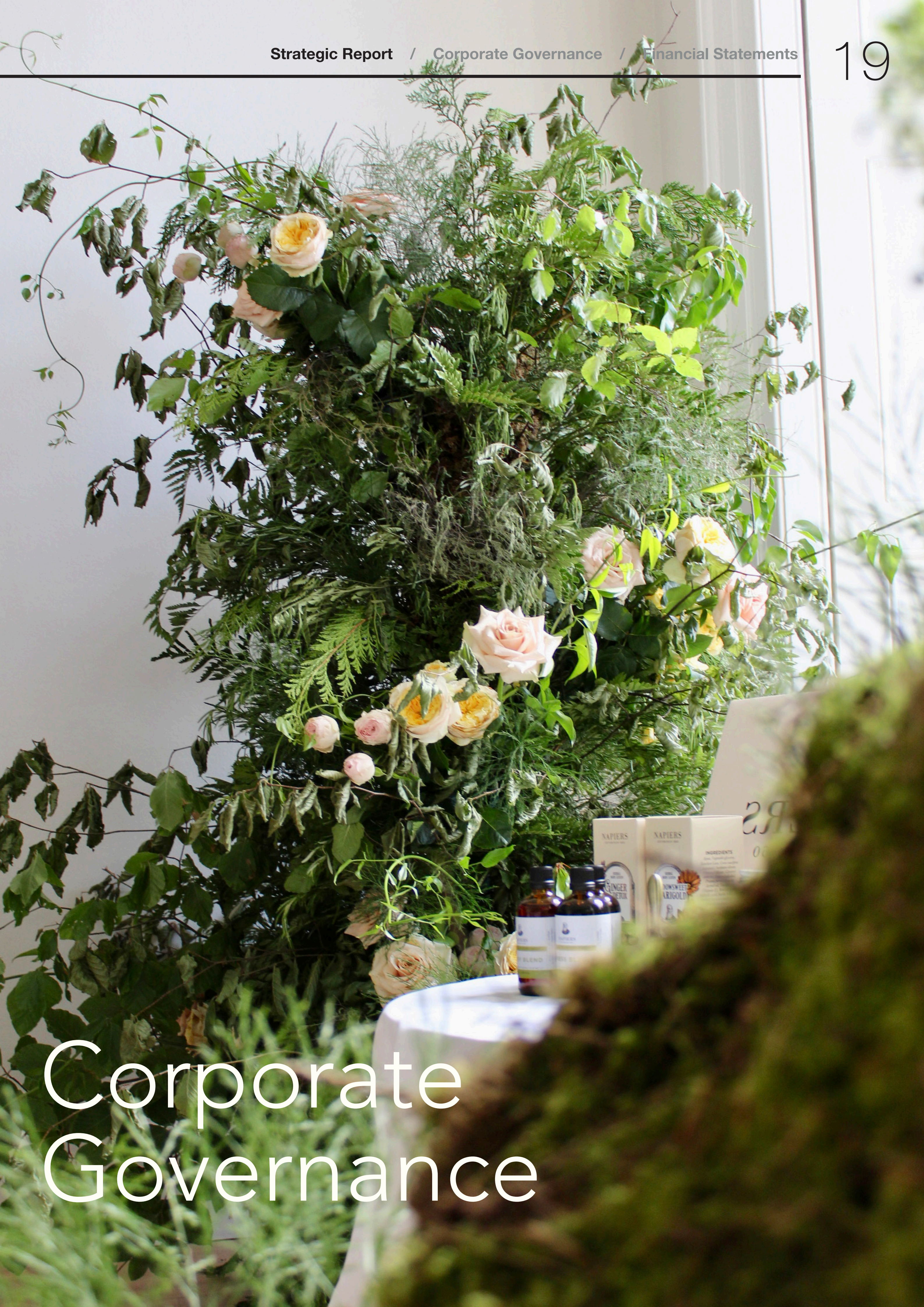
Engaging with our Stakeholders
Continued

The table below sets out some examples of how the directors have exercised this duty:

Stakeholder	How We Engage
Our Shareholders The Board and Executive Management Team maintains strong relationships with investors and supports open channels of communication.	The Company engages in dialogue with shareholders. During the year the CEO and other directors have met with investors and communicate with them on regularly. Our last AGM was held on 28 September 2023 and our next will be held on 26 September 2024. This will provide an opportunity for shareholders to meet the directors and discuss the year's results. **Website and shareholder communications** Further details on the Group, our business and key financial dates can be found on our corporate website: https://www.samarkand.global/
Our People Our employees are at the core of everything we do.	At Samarkand, we believe that our strength comes from Our People and success comes from shared goals and values. We are proud to celebrate the diversity of our employees and work hard to empower our workforce and to create a positive and inclusive culture within which our teams can grow. The sustainable success of the business is dependent upon the development of and investment in our teams of highly talented and dedicated employees. Our teams are kept fully informed of the business' performance, operational and townhalls. We continually strive to maintain open communication and encourage collaboration from all our employees through shared learning sessions.
Our Customers and Brand Partners Communication with our customers and brand partners is fundamental to understanding how we can continue to improve our brand offerings and the services we provide our partners.	The trust of our customers and partners is fundamental to our success. We are committed to building innovative customer-led technology solutions and products. We maintain a strong relationship with our partners through our dedicated accounts management team. Through regular meetings and conversations, we regularly review their feedback which enables us to improve the products and solutions we provide.
Our Suppliers The relationship we have with our suppliers is key to ensuring that the quality of the products we deliver to our customers are maintained at a high standard and the delivery is managed for the smooth-running of our business and its operations.	We rely on suppliers and logistics partners across a number of geographical locations. We continue to work with our key suppliers and logistics partners to ensure we continue to improve the efficiency of our supply chain. It is important that we continue to communicate with our suppliers and adapt to ensure the high quality of our products and services are maintained.

On behalf of the Board

David Hampstead
Chief Executive Officer
9 August 2024



Corporate Governance

Board of Directors

The Board comprises a team of individuals who individually and collectively bring considerable experience to bear in promoting and managing the interests of the Group.

A summary of the management expertise and experience of each of the Directors:

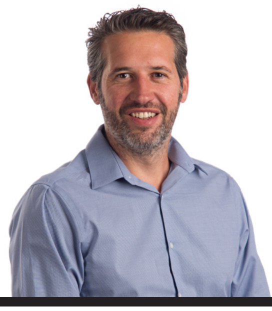
Tanith Dodge (63)

Independent Non-Executive Chairperson

Tanith is an International Business Leader working as a member of senior executive teams and providing a commercial approach to the business and people agenda and has over 35 years of experience working as an HR Director across a broad sector of International businesses. Her previous positions included Group HR Director Bicester Village Collection, member of the Management Committee and Group HRD at Marks and Spencer Group PLC and at WH Smiths PLC. Tanith has held senior HR roles at Intercontinental Hotels, Diageo, Prudential PLC and Allied Domecq.

Her current Board experience includes Acting Chairperson and Senior Independent Director, Chair of Remuneration Committee, Chair of Organisational Health Committee and member of Audit Committee and Nominations Committee at Robert Walters PLC. In addition, she is a member of the Advisory Council for Price Waterhouse Coopers responsible for advising internal business leaders on a range of subjects. She has also been a director of Regents Inns Plc and Busy Bees Plc and is a former Trustee of Kids Out and former board member of CIPD.

External Appointments
Robert Walters PLC, Member of the Advisory Council at Pricewaterhouse-Coopers



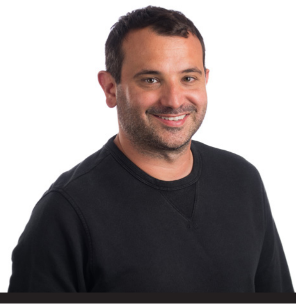
David Hampstead (45)

Co-founder, Chief Executive Officer

David began his career as a software engineer at large blue-chip firms such as Hewlett Packard and Vodafone before moving to a mobile technology start-up leading a team of engineers building software for mobile phone companies across EMEA and Asia.

In 2008 David established QuickThink Media and Bejig Ltd. Both businesses were subsequently combined and floated on the London AIM Market as Gaming Realms plc (GMR:LSE) where he served as Chief Technology Officer. In 2016 he founded Samarkand Global with the vision to make the world's largest eCommerce market more accessible to international brands.

External Appointments
None



Simon Smiley (43)

Co-founder, Chief Operating Officer

Simon started his career as a store management trainee in 2004 with Rank PLC in London. He later co- founded QuickThink Media with David Hampstead. Post QuickThink's exit to Gaming Realms PLC, Simon became the group's Chief Marketing Officer, planning and executing large consumer acquisition campaigns.

Simon was recently awarded Entrepreneur of the Year at the 6th annual China-Scotland Business Awards 2023. This award is testament to Simon's strong entrepreneurial leadership and proven business acumen. As Co-founder and COO he offers unwavering commitment to the team at Samarkand Group, leading the own brand portfolio and pursuing international expansion.

External Appointments
None

Philip Smiley (54)
Executive Director

Philip joined the Group Plc Board of Directors in January 2022 as an Executive He joined Samarkand from Kantar, the world's leading data, insights and consulting group where he was Global CEO of the Consulting Division. With 30 years of corporate experience in a wide variety of business leadership roles, Phil brings broad executive and commercial experience as well as retail and consumer industry expertise to the Group. Accustomed to operating globally, he has led Kantar group businesses in international markets having spent 8 years in Asia, including 4 in China.

Philip started his career in the retail industry.

He focuses on overall strategy and corporate development, the growth of Samarkand's strategic partnerships to accelerate the distribution of our technology and services in global markets

External Appointments
Acting advisor to VST, Advisor to Rural Senses, Non-executive Chair at Hey-Centric

Jeanette Hern (56)
Non-Executive Director

Jeanette has considerable experience in international finance having joined Smollan as Global CFO in March 2015. Jeanette has played a key role in the geographic expansion of the Group, managing the successful integration of acquired businesses, as Smollan's footprint grew from 22 to 59 countries across the world.

Prior to joining Smollan, Jeanette was a partner at Grant Thornton for 26 years, becoming the youngest partner and second female partner. Promoted to Deputy CEO during her tenure, her position allowed her to successfully champion transformation.

She is a qualified Chartered Accountant – CA(SA) and a member of the South African Institute of Chartered Accountants (SAICA).

External Appointments
Global Smollan Holdings, subsidiaries and associates

Keith Higgins (61)
Independent Non-Executive Director

Keith has over 20 years of eCommerce experience with two of the largest consumer goods companies in the world. From 2000 to 2010, Keith held senior positions at Proctor & Gamble ("P&G") as Innovation Centre & eCommerce Director (2000-2006) and then as eCommerce and Pharmacy Channel Director (2000-2010). In 2010, Keith moved to Unilever to become Vice President eCommerce and Channel Development, becoming Senior Vice President of eCommerce in 2012 and Executive Vice President eCommerce in 2013.

In 2010, after 10 years heading up Unilever's global eCommerce strategy he was promoted to a C-level role as Chief Customer Development Officer.

Keith's experience across two decades at P&G and Unilever brings a unique level of insight, understanding and network in the global eCommerce industry to the board.

External Appointments
Member of Supplier Advisory at Ocado, Strategic Advisor at BAIN, Non-executive Advisor at Komerz and Bazaarvoice

Board of Directors
Continued

Senior Manager

In addition to the Board of directors, the Group employs the following Senior Managers:

Eva Hang
Chief Financial Officer & Company Secretary

Eva is responsible for directing the global financial strategy, planning and forecasting for the Group. She is also responsible for ensuring that all financial management information and reporting is in line with the strategic and operational objectives of the business. Having spent two years in a fintech start-up in London, Eva previously served as Group Financial Controller at Gaming Realms plc (LSE: GMR) where she supervised all aspects of the finance function and was responsible for the implementation of several acquisitions and disposals. Eva holds a BSc in Computer Science and a BCom in Finance and Accounting from the University of Sydney and was previously an audit manager at BDO in the UK. She is a qualified Chartered Accountant and a member of the Chartered Accountants Australia and New Zealand.

Corporate Governance Report

Samarkand is committed to a culture of equal opportunities for all, regardless of age, race or gender. The Board comprises the Independent Non-Executive Chair, two Non-Executive Directors (one of whom is independent) and three Executive Directors. The Board is made up of two female and four male Directors. Short biographical details are set out on pages 20 to 21.

The Board is responsible for the Group's overall strategy and management. The Strategic Report on pages 1 to 18 outlines the key approach to driving the performance of the Group and promoting the long-term sustainable growth of the company for all shareholders.

The Board has established Nomination & Remuneration, Sustainability and Audit Committees, each with formally delegated duties and responsibilities with written terms of references. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Audit and Risk Committee Report

This report is intended to give an overview of the role and activities of the Audit and Risk Committee in assisting the board to fulfil its oversight responsibilities in relation to risk management, the independence and effectiveness of the external auditors and the integrity of the Group's financial statements.

The Audit and Risk Committee comprises Jeanette Hern (the Chairperson), Tanith Dodge and Keith Higgins. The Audit and Risk Committee meets formally twice per year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

The Audit and Risk Committee assists the Board in, amongst other matters, discharging its responsibilities with regard to financial reporting, external audits, including reviewing the Group's annual financial statements, reviewing and monitoring the extent of non-audit work undertaken by external auditors, advising on the appointment, reappointment, removal and independence of external auditors, and reviewing the effectiveness of the Group's internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board.

The Audit and Risk Committee is also responsible for advising the Board on the Group's risk strategy, risk policies and current risk exposures, overseeing the implementation and maintenance of the overall risk management framework and systems, and reviewing the Group's risk assessment processes and capability to identify and manage new risks. The Audit and Risk Committee meets with appropriate employees of the Group at least once annually.

Specific actions taken by the Committee since the last annual report include:

- A review of the interim accounts of the Group for the period ending 30 September 2023 and the Statutory Accounts of the Group for the year ended 31 March 2024.
- A review of the findings of the auditors arising out of the audit for the Group for the year ended 31 March 2024.
- A review of the disclosures in the Chairperson's Statement, Chief Executive's Review and Strategic Report, to ensure that the performance and risks of the Group are adequately described and reported.
- Appointment of Gravita Audit Limited as auditors of the Group.
- Continued development and review of the Group's risk management framework and systems.
- Review of the effectiveness of the Group's internal controls.

Corporate Governance Report

Continued

Sustainability Committee Report

This report outlines the Sustainability Committee's role in assisting the Board to weave sustainability and positive societal impacts into the fabric of the Group's growth and development. The Committee has identified key objectives and devised strategic plans to foster responsible, inclusive, and sustainable business practices. Through these efforts, we strive to benefit society while ensuring the enduring viability of our operations.

The Sustainability Committee is led by Chairperson Keith Higgins, with Tanith Dodge and Jeanette Hern as members. The Committee convenes formally twice a year and holds additional meetings as necessary.

Over the past year, the Committee has continued to scale and manage ESG (Environmental, Social, and Governance) activities and resources to align with the capabilities of the Group. The core ambitions and strategy identified by the committee, which are grounded in the two pillars of planet well-being and people well-being, remain unchanged.

Specific actions taken by the committee since the last annual report include:

Planet Well-being

- Supply chain plastic reduction achieved for the Zita West brand.

People Well-being

- Living wage employer accreditation awarded to Napiers the Herbalists.
- Employee volunteering initiative was expanded to China team for the first time and achieved 33% participation across the business. Although below target (50%) this shows significant increase on prior year engagement from teams and positive progress.
- Successfully completed 2 physical well-being and 2 mental health well-being sessions for employees, achieving our target in this regard.
- Maintained positive gender and ethnicity balances at Senior Management level.

As the Group continues to streamline operations and enhance efficiencies for the benefit of our stakeholders, the Sustainability Committee remains dedicated to contributing to Samarkand Group plc's long-term sustainability goals in a responsible and adaptable manner.

Remuneration and Nomination Committee Report

The Remuneration and Nomination Committee assists the Board in determining its responsibilities in relation to remuneration and nominations, including, amongst other matters, making recommendations to the Board on the Group's policy on executive remuneration, determining the individual remuneration and benefits package of each of the Executive Directors.

The membership of the Remuneration and Nomination Committee comprises Tanith Dodge (the Chairperson), Keith Higgins and Jeanette Hern. The Remuneration Committee meets formally twice a year and otherwise as required.

Specific actions taken by the Committee since the last annual report include:

- Review and approval of the structure of the FY24 and FY25 Annual Bonus Scheme and the financial and non-financial targets.

Details of Directors' remuneration are disclosed below.

Directors' Emoluments

Directors' emoluments for the year were as follows:

	2024					2023			
Name	**Fees/Basic Salary**	**Unpaid Salaries**	**Bonus**	**Pension**	**Total**	**Fees/Basic Salary**	**Bonus**	**Pension**	**Total**
Executive Directors									
David Hampstead	90,000[1]	30,000^	-	2,700	122,700	110,000[2]	165,308	3,300	278,608
Simon Smiley	60,000[1]	60,000	-	1,800	121,800	108,000[2]	165,308	3,300	278,608
Philip Smiley	60,000[1]	60,000	-	1,800	121,800	110,000[2]	165,308	-	275,308
Non-Executive Directors									
Tanith Dodge	37,500[1]	12,500	-	-	50,000	25,000[2]	-	-	25,000
Keith Higgins	18,750[1]	6,250	-	-	25,000	12,500[2]	-	-	12,500
Jeanette Hern	-	-	-	-	-	-	-	-	-
	266,250	**168,750**	**-**	**6,300**	**441,300**	**365,500**	**495,924**	**6,600**	**868,024**

1 Salary Deferral

During the year, recognising the changing market dynamics in China and whilst the Group reconfigures its business model and enable it to make strategic moves such as acquiring Optimised Energetics in May 2024, the Executive Directors and Non-executive Directors deferred their salaries for 6 months and 3 months respectively.

^ David also has £31,307 unpaid business expenses.

2 Salary Reduction

In FY 2023, in light of the disruptions in China and the widespread logistic and operational challenges resulting in reduced revenue performance and increased losses, the Executive Directors decided to take a 20% reduction in their base salaries for 6 months from 1 March 2022 to 31 August 2022. The Non-Executive Directors waivered their fees from 1 April 2022 to 30 September 2022.

Bonus Scheme

During the year, the Remuneration and Nomination Committee developed a Bonus Scheme. The Executive Directors participate in the Bonus Scheme under which they are entitled to a maximum of 350% of their salary subject to performance against objectives.

The Bonus Scheme is based on the achievement of pre-set Group Financial and Non-Financial Performance Targets. The performance targets for the financial year ending 31 March 2024 have been set by the Remuneration and Nomination Committee, it considers that the targets will support the business strategy and the Scheme to be an important element of the performance related pay for the Executive Directors.

Corporate Governance Report

Continued

To align the executives' interests with those of shareholders, and manage cash costs, 100% of the bonus payable is deferred into Company Share Awards in the form of nil cost options. 50% of the bonus award will be granted after the approval of the 31 March 2024 accounts and will vest one year from the date of grant, the remaining 50% will be granted a year from the first grant date. The number of options to be granted will be determined by the price of the last equity transaction by the Company.

For the financial year ending 31 March 2024, the bonus pay out was subject to the assessment of performance against financial (70%) and non-financial measures (30%). The financial measures set by the Committee were based on revenue, gross margin and working capital targets, the non-financial measures were in relation to our reducing unproductive stock by 50%, profitability of our owned brand portfolio and reducing Brand Acceleration losses by 50%.

After the review of the Company's performance for the year ending 31 March 2024, although 2 of the non-financial measures were met, the financial measures were not met as such no bonus payout will be made.

Director's Interests

As at 31 March 2024 the Directors of the Company held the following number of shares:

	Number of Ordinary Shares	% of the issued share capital
David Hampstead [1]	7,916,169	13.56%
Simon Smiley [2]	7,301,011	12.51%
Phil Smiley	917,395	1.57%
Keith Higgins	52,174	0.09%
Tanith Dodge	43,478	0.07%
Jeanette Hern	-	0.00%

1) 193,785 Ordinary Shares registered in the name of David Hampstead is under option pursuant to the terms of a Hedging Agreement
2) 212,984 Ordinary Shares registered in the name of Simon Smiley is under option pursuant to the terms of a Hedging Agreement

David Hampstead, Simon Smiley and the Group entered into a hedging agreement on 16 February 2021 pursuant to which David Hampstead and Simon Smiley each agreed to transfer such number of their Ordinary Shares to satisfy the outstanding options granted to employees pursuant to the Option Exchanges subject to a maximum of 992,000 Ordinary Shares.

Long-term Incentive Plans

	Options at 1 April 2023	Options Granted	Options Exercised	Options Lapsed	Options at 31 March 2023	Exercise Price	Date of Grant
David Hampstead[1]	133,334	-	-	-	133,334	0.01	01/04/2022
Simon Smiley[1]	133,334	-	-	-	133,334	0.01	01/04/2022

1) On the 1 April 2022, the Company granted equity settled awards to certain Directors which vest in 3 years subject to certain performance criteria.

Warrants

On 12 March 2021, the Company granted warrants to two directors, conditional on Admission, for a period of five years from admission. At 31 March 2024, the following Directors have outstanding warrants to subscribe for Ordinary Shares:

	Date of Grant	Number of Ordinary Shares	Exercise Price
Tanith Dodge	12/03/2021	43,478	115p
Keith Higgins	12/03/2021	21,739	115p

The QCA Corporate Governance Code

The Directors recognise importance of sound corporate governance principles being embedded into the operations of the Group. The Group has adopted the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code').

The principles of the Quoted Company Alliance (QCA) Code:

QCA Code Principle	What We Do and Why
1: Establish a strategy and business model which promote long-term value for shareholders	The Group has established a strategy and business model which aims to promote long-term shareholder value. The Group's strategy is reviewed each year. Further details can be found on pages 4 to 6.
2: Seek to understand and meet shareholder needs and expectations	Meetings are held with investors and analysts at half-yearly interim and final accounts. The AGM provides a forum for all shareholders to meet and hear from the Directors, and shareholder comments and suggestions are welcomed by the Board. Further details can be found in our section 172 statement on pages 17 to 18.
3: Take into account wider stakeholder and social responsibilities and their implications for long-term success	The Group's stakeholders include shareholders, employees, customers and suppliers. The Group focuses on building strong and sustainable relationships with a range of different stakeholders in order to support the long-term success of the Group. Further information can be found in Our Stakeholders section on pages 17 to 18.
4: Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Group is exposed to a number of potential risks which may have a material effect on its reputation, financial or operational performance. The Board has overall responsibility for risk management and internal controls and is fully supported by the Audit Committee. More detail about the identified principal risks and uncertainties can be found on pages 11 to 13.
5: Maintain the Board as a well-functioning, balanced team led by the Chair	The Board consists of the three Non-Executive Directors (two independent, one non-independent) and three Executive Directors (including the Chief Executive Officer and Chief Operating Officer). The Directors' biographies, together with their respective Board Committee memberships, are set out on pages 20 to 24.

Corporate Governance Report
Continued

QCA Code Principle	What We Do and Why
5. Maintain the Board as a well-functioning, balanced team led by the Chair cont.	**Directors' conflict of interest** The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.
6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The Board as a whole is confident that it has a strong team which contains the necessary mix and balance of experience, skills, personal qualities and capabilities to deliver the Company's strategy for the benefit of the shareholders.
7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The Board has established the Ways of Working principles to provide for a consistent approach for reporting and analysis by the Board. The Ways of Working sets out clear objectives for the Board. During the first full year the Board have adapted to feedback and changes to ensure it continues it meets its key objectives. A full review will be carried out each year.
8: Promote a corporate culture that is based on ethical values and behaviours	The Group promotes a culture of integrity, trust, honesty and respect. Employees are expected to operate in an ethical manner in both their internal and external dealings. The Board and the Senior Managers take responsibility for the promotion of ethical values and behaviours throughout the Group and maintain appropriate policies such the anti-bribery and anti-corruption policy. The Group looks to provide further details on how it monitors and promotes a healthy corporate culture in a future statement.
9: Maintain governance structures and processes that are fit for purpose and support good decision making by the Board	The role of the Board is to ensure delivery of the business strategy and long-term shareholder value. The Board, which will meet formally at least 6 times a year, is responsible for the management of the business of the Group, establishing the policies and setting the strategic direction of the Group. The Company will also hold additional Board meetings as and when required. It is the Directors' responsibility to oversee the financial position of the Group and monitor the business and affairs of the Group on behalf of the Shareholders, to whom they are accountable. The Board is aided by three subcommittees to undertake specific work. During the year the board met a total of 9 times and the subcommittees met a total of 8 times.
10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Company encourages two-way communication with both its institutional and private investors. The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders.

Directors' Report

The Directors present their Annual Report together with the audited financial statements for the year ended 31 March 2024. The Corporate Governance Statement set out on pages 23 to 28 forms part of this Report.

Principal Activities

The Group's principal activities during the year are that of a UK & European distribution business engaged in the B2B and B2C sale of products primarily to premium London retailers, chain retailers and online eCommerce stores. The Group also provides eCommerce solutions for brands and retailers selling into China.

These financial statements present the results of the Group for the year ended 31 March 2024.

Directors

The Company's current Directors are listed on pages 20 to 21, together with their biographical details. The directors who served at any time during the year and since the year end were as follows:

- Tanith Dodge
- David Hampstead
- Simon Smiley
- Keith Higgins
- Jeanette Hern
- Philip Smiley

Directors' and Officers' Liability Insurance

The Group has purchased and maintains appropriate insurance cover in respect of Directors' and Officers' liabilities. The Group has also entered into qualifying third-party indemnity arrangements for the benefit of all its Directors, in a form and scope which comply with the requirements of the Companies Act 2006.

Results and Dividends

The results for the year are set out on page 40. The Company will not be paying a dividend this year.

Going Concern

The financial statements have been prepared on a going concern basis, assuming that the Group will continue its operations for the foreseeable future. The Directors have assessed the Company's ability to continue as a going concern, taking into consideration the current economic and market conditions, as well as the Group's financial performance and cash flow projections.

The Group's revenues have decreased by 3% against the prior year and adjusted EBITDA losses have reduced by 60% against the prior year as a result of material improvements in gross margin, growth in our owned brands and the delivery of operating efficiencies across the business as we continue to focus on profitable growth. Cost reduction initiatives were taken to improve the Group's operating efficiency, it's financial position to mitigate the impact of challenging market conditions in China. For the year ended 31 March 2024, the Group reported an adjusted EBITDA loss of £0.9m (2023: £2.2m) and total comprehensive loss of £4.8m (2023: £4.7m).

Despite the progress made, the Group continued to face challenging market conditions in China, with revenues generated from distributing third-party consumer brands in China falling year on year as a result of increasingly competitive market conditions and higher levels of price and promotional intensity in the face of a more cautious, value seeking consumer. As such, the Group is reconfiguring its focus to fewer third-party brands which have the potential for long term success. This will enable greater attention and focus on development of our own brands in China.

The Directors recognise the importance of moving the Group into profitability and have made significant progress towards this goal. In addition, the Directors are actively exploring additional funding options to support the Group's operations and long-term viability. In June 2024, the Group completed the disposal of its Probio7 brand. The proceeds of the disposal have enabled the Group to acquire Optimised Energetics, a premium skincare manufacturer to secure its manufacturing services to Napiers, improving the overall Group's margins and profitability. Proceeds from the disposal will also allow the Group to increase resources to support the growing working capital requirements of Napiers and Zita West.

Directors' Report
Continued

The Directors continue to consider various options including trade financing, and other strategic opportunities. These efforts are ongoing, and the Directors are diligently working towards these goals.

Despite the cost base reduction and ongoing exploration of additional funding, in the event that trading does not proceed as planned and in conjunction with the loan with Global Smollan Holdings becoming due in September 2025, the Group's financial performance and cash flow projections indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Global Smollan Holdings, our largest strategic shareholder has expressed ongoing support for the business and have indicated their willingness to re-negotiate the loan when it falls due.

Although there are material uncertainties, several mitigating factors have been considered by the Directors in their assessment of the going concern assumption. These include the steps taken to further reduce costs and the progress made in exploring various strategic options to raise additional funds. The Directors believe that these factors, will enable the Group to overcome the identified challenges and continue its operations.

To address the material uncertainties, the Directors will continue to closely monitor the Group's financial performance, cash flow projections, and market conditions. They will continue to proactively manage the Group's cost base, seeking further efficiencies where possible.

The Directors are confident in the Group's ability to mitigate the identified risks and uncertainties. As a result, the financial statements have been prepared on a going concern basis, acknowledging the material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

Notice of Meeting

This year's Annual General Meeting will be held on Thursday, 26 September 2024.

A separate circular will be sent to shareholders and includes the following:

- notice of meeting;
- form of Proxy; and
- details and information on the resolutions to be proposed

Gravita Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting in accordance with Section 489 of the Companies Act 2006.

Strategic Report

The Strategic Report set out on pages 1 to 18 provides a fair review of the Group's business for the year ended 31 March 2024. It also explains the objectives and strategy of the Group, its competition and the markets in which it operates, the principal risks and uncertainties it faces, employee information, the Group's financial position, key performance indicators and likely future developments of the business.

Key Stakeholders

For our key stakeholders and employees please refer to Our Stakeholders section on pages 17 to 18.

Future Development

Future developments are discussed in the Chairperson's Statement on page 8 and the CEO Review on page 10.

Substantial Shareholdings

As at 31 July 2024, the following shareholders had notified the Company that they held an interest in 3% or more of its issued ordinary share capital:

Significant Shareholders	Shareholding	Percentage of issued shares
Global Smollan Holdings	10,269,357	17.60%
David Hampstead [1]	7,916,169	13.56%
Simon Smiley [2]	7,301,011	12.51%
Thomas Gooding	5,463,111	9.36%
Schroders Investment Management	4,347,826	7.45%
SF Express	2,737,840	4.69%

1) 193,785 Ordinary Shares registered in the name of David Hampstead is under option pursuant to the terms of a Hedging Agreement
2) 212,984 Ordinary Shares registered in the name of Simon Smiley is under option pursuant to the terms of a Hedging Agreement

Save for these interests, the Directors have not been notified that any person is directly or indirectly interested in 3% or more of the issued ordinary share capital of the Company. Save as disclosed above, the Company is not aware of any person who, as at the date of this document, directly or indirectly, has a holding of Ordinary Shares which is notifiable under English law.

Directors' interests in the Company are disclosed on page 26 of the Corporate Governance Report.

None of the Shareholders referred to in this paragraph has different voting rights from any other Shareholder in respect of any Ordinary Shares held by them.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK-adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure to Auditors

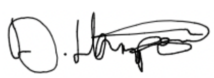
The Directors who held office at the date of approval of this Directors' report confirm the following:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Website Publication

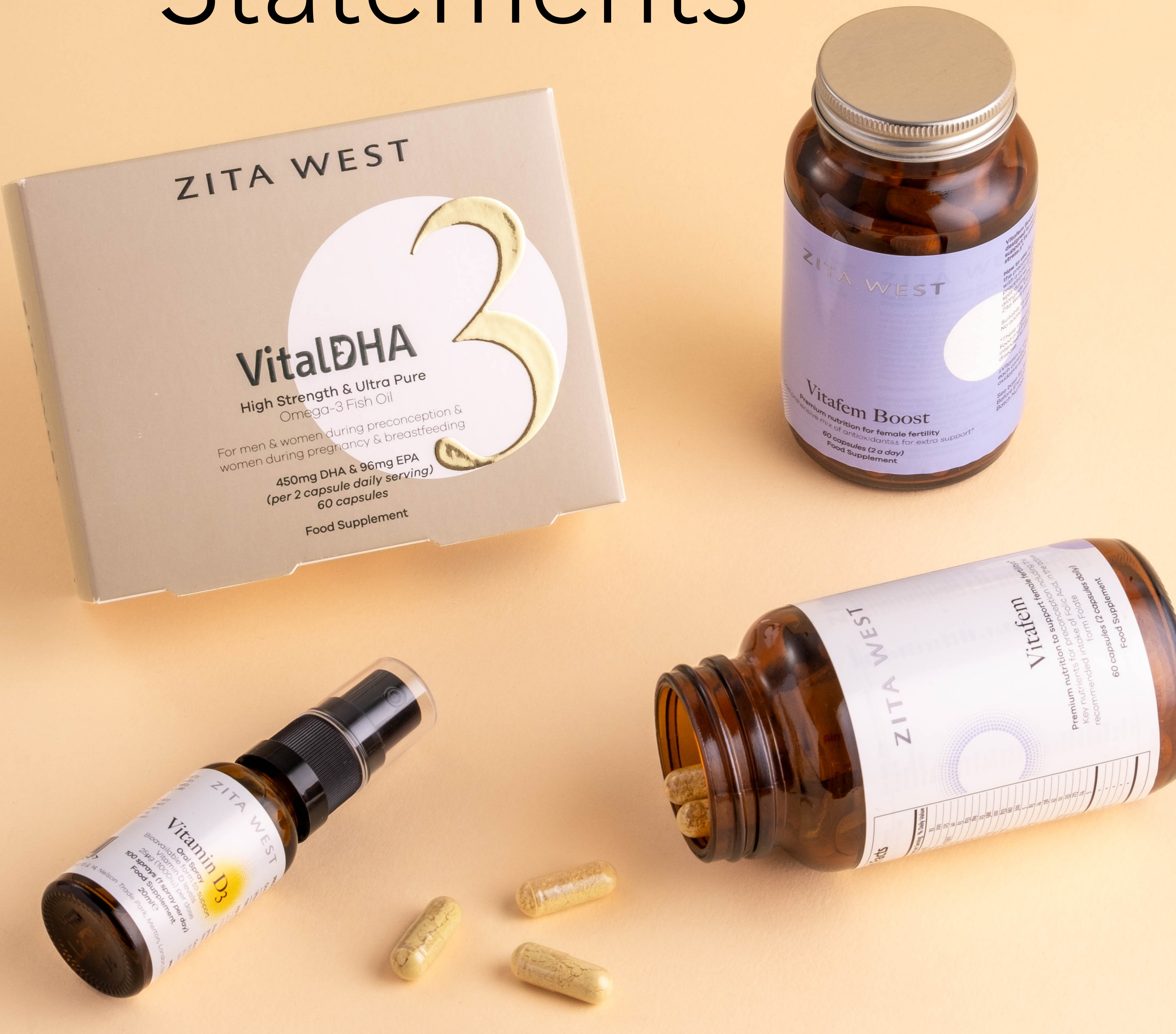
The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Directors' report was approved on behalf of the Board on 9 August 2024 and signed on its behalf by:



David Hampstead
Chief Executive Officer

Financial Statements



Independent Auditor's Report to the Members of Samarkand Group Plc

For the year Ended 31 March 2024

Opinion

We have audited the financial statements of Samarkand Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and UK adopted International Accounting Standards (IFRS). The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with FRS 102 (United Kingdom Generally Accepted Accounting Practice); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006;

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw your attention to note 2(a) in the financial statements, which indicates the key risks and uncertainties which may affect the future prospects and trading activities of the group

Note 2(a) indicates that the group's revenue has decreased by 3% against the prior year and that the group continues to be loss making. The group reported an adjusted EBITDA loss of £0.9m and total comprehensive loss of £4.8m. The Directors recognise the importance of moving the group into profitability and have made some progress towards this goal. Note 2(a) comments that, in addition, the Directors are actively exploring additional funding options to support the Group's operations and long-term viability. The loan of £1.4m is repayable to Global Smollan Holdings (largest shareholder) and is due in September 2025. Global Smollan Holdings have indicated their willingness to negotiate the terms and continue their support to the group. The directors are satisfied that they would be able to take mitigating action if the sales growth was slower and that cash commitments will not be met. These conditions, along with other matters as set out in note 2(a) indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included a detailed review of future forecasts, for a period of at least 12 months, and assessing the assumptions utilised by management in preparing the forecast. These assumptions were further assessed along with those used in the prior year to determine reasonability. We have reviewed the cash held at year end up to the date of signing of this report.

We have performed the following audit procedures in relation to going concern:

- Evaluated the suitability of management's model for the forecast.

The forecast includes a number of assumptions related to future cash flows and associated risks. Our audit work has focused on evaluating and challenging the reasonableness of these assumptions and their impact on the forecast period and ensuring that all key matters are correctly disclosed in Note 2(a).

Independent Auditor's Report

Continued

Specifically, we obtained, challenged, and assessed management's going concern forecast and performed procedures including:

- Evaluating the appropriateness of the going concern assessment performed by management with regard to the requirements of the applicable financial reporting framework, including the period covered;
- Engaging with senior management around the group to obtain a broad-based understanding of key commercial drivers;
- Testing the mathematical accuracy of the going concern model prepared by management and the underlying calculations used within it;
- Verifying the level of cash held by the group as at 31 March 2024 and cash movements post year end;
- Verified cost savings to third-party evidence where applicable;
- Reviewing the financing options available to the group to evaluate the ability of the group to pay their debts as they become due;
- Critically assessing the directors' financial forecasts and the underlying key assumptions, including actual sales in the current financial year, operating cash burn rates and managements going concern sensitivity analysis which included cost reduction measures which would have the effect of extending the cash runway; and
- Evaluating the adequacy of disclosures made in the financial statements in respect of going concern.

Based on the work we have performed, there is an uncertainty on the achievement of the forecasts for twelve months from approval of the financial statements and there may be delays in cash realisations required to support the working capital cycle giving rise to material uncertainty related to going concern. However, because not all future events or conditions can be predicted this assessment is not a guarantee as the company's ability to continue as a going concern.

Finally, we also evaluated the alternative measures that might be necessary should the forecast not be achieved.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Summary of Our Audit Approach

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the material uncertainty in relation to the going concern section above, we have determined the matters described below to be the key audit matters to be communicated in our report.

This is not a complete list of all risks identified by our audit.

- Revenue recognition
- Carrying value of goodwill and other intangible assets
- Carrying value of inventory
- Carrying value of the parent company's investment in subsidiaries
- Recoverability of amounts owed by group undertakings to the parent company

These are explained in more detail below.

Key Audit Matter	How the Scope of Our Audit Addressed the Key Audit Matter
Revenue Recognition Revenue is recognised according to the revenue recognition policy set in the notes to financial statements. The risk is that revenue is recognised inappropriately or prematurely, which can significantly affect group's profitability and consequently impact on performance of the share price. There is a risk of non-compliance with IFRS 15 due to incorrect assessment. Our focus was on the risk of misstatement as it is material to the group performance.	We performed the following audit procedures to address the risk: • assessing revenue is recognised in accordance with revenue recognition policy and compliant with IFRS. • test samples of revenue and vouch to supporting invoices and proof of delivery and third-party reports where applicable. • validating that a sample of service revenue, recognised over time, were either delivered fully within the period or correctly accrued or deferred, to confirm revenue was being recognised in line with accounting policy and IFRS; • performed cut off testing to validate no over/understatement of revenue. • assessed adequacy of group disclosures relating to revenue. We consider the group has sufficient procedures in place to review and authorise transactions. Based on the audit work performed we conclude revenue was reasonably stated.
Carrying Value of Goodwill and Other Intangible Assets As of 31 March 2024, value of group intangible assets was £4.8m. The group's intangible assets comprise of goodwill arising from acquisition of subsidiaries, brands, trademarks and website software development. The risk is that management may be biased in judgements involved in assessing the carrying value of the intangibles. These include assumptions used in future growth and profitability, strategy, discount rate used and appropriate cash generating units. Changes in these factors could result in impairment of the carrying value of the intangibles. There is also a risk that goodwill and other intangible assets were impaired.	We performed the following audit procedures to address the risk: • obtained management's forecast to support the cash generating unit that was identified and the inputs that determined its value in use; • reviewed management assumptions and challenged management on their judgements of the forecasted sales and estimates and useful lives of the intangible assets; • considered the key assumptions in the model including the discount rate, the reliability of the revenue by comparing this to historical inputs; • tested the mathematical accuracy of management's forecast; • evaluated in line with requirements set in IAS 36 as to whether the intangible assets were impaired; • reviewed management's impairment calculation and reasoning to ensure that it appeared reasonable; • performing sensitivity analysis on key assumptions of discount rates, growth to identify if these assumptions were reasonable and highly sensitive; • reviewed appropriateness and consistency of management making such estimates, including make of CGU's identified; and • assessing and reviewing adequacy of group disclosure relating to impairment. Based on our audit work performed, and after impairments, we found the resulting estimate of the recoverable amount of goodwill and intangible assets to be acceptable.
Carrying Value of Inventory As of 31 March 2024, value of inventory was £2.3m. Inventory was considered key audit matter due to the size of the balance and as there is a risk that valuation could be misstated as this involves judgment.	We performed the following audit procedures to address the risk: • attended year end inventory counts at group's operating locations in the UK to check for existence, completeness and condition of the inventory.

Independent Auditor's Report

Continued

Key Audit Matter	How the Scope of Our Audit Addressed the Key Audit Matter
Carrying Value of Inventory Cont. There is a risk that it may not be adequately provided for obsolete or slow-moving inventory or carried at lower of cost and net realisable value.	• obtaining direct confirmation from third-party inventory holders overseas; • assessing and reviewing management approach for stock provision policy and its application; • assessing inventory valuation process and methodology; and • assessing the compliance of the group's accounting policies with IFRS. Based on audit work performed, we conclude carrying value of inventory is reasonably stated.
Carrying Value of the Parent Company's Investments in Subsidiaries The parent company held significant investments in its subsidiary of £353k (2023: £353k) and capital contributions of £311k (2023: £167k) before audit adjustments. The total carrying value after audit adjustments was £49k (2023: £520k). The value of the investments are linked to the underlying performance of the subsidiaries. Due to the complexity and critical management judgements applied to this valuation, there is a risk that the carrying value is higher than its recoverable amount and therefore considered to be impaired. Management's assessment of the recoverable amount of investments in subsidiaries require estimation and judgement around assumptions used, including the cash flows to be generated from continuing operations. Changes to assumptions could lead to material changes in the estimated recoverable amount, impacting the carrying value of investments and impairment charges.	Our work included, but was not limited to: • obtaining and reviewing the directors' impairment review of the carrying value of the parent company's investment in subsidiaries; • discussing with management the basis for impairment or non-impairment including consideration of business strategy for the subsidiaries, and reviewing future revenue streams; • reviewing the subsidiaries accounts and forecasts; • performing sensitivity analysis on the forecasts to check that the values arrived at could be supported by a range of performance outcomes that could be expected from the parent company; • ensuring that appropriate disclosures surrounding the judgements and estimates made in respect of any valuations are included in the financial statements. Based on the audit work performed, some investments were found to have indicators of impairment, because their overall value was below their carrying values largely as a result the decision to significantly wind down the group's activities in China. An impairment charge was subsequently raised as disclosed in note 4 of the parent company's financial statements.
Recoverability of Amounts Owed by Group Undertakings to the Parent Company The parent company also has amounts owed by group undertakings of £7.4m (2023: £11.2m). There is a risk that these group entities do not have sufficient reserves or cash to repay the balances.	We performed the following audit procedures to address the risk: • reviewing the subsidiaries' net assets, cashflow and profitability forecasts to determine their ability to service the loans due to the parent company; • we reviewed and assessed provisions made by the management including assumptions used. • we also reviewed management's Expected Credit Loss calculations and assumptions, determined on the basis of the length of time the receivable has been outstanding and estimate of present value of cash over expected life of the balance. Based on the audit work performed, some amounts owed by group undertakings to the parent company were found to have indicators of impairment because their overall value were below their carrying values largely as a result the decision to significantly wind down the group's activities in China. An impairment charge was subsequently raised as disclosed in note 5 of the parent company's financial statements.

Our Application of Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group Financial Statements	Company Financial Statements
Overall Materiality	£169k (2023: £210k).	£74k (2023: £25k).
How we determined it	Based on 1% revenue (2023: 5% loss before tax)	Based on 1% gross assets (2023: 0.2% of total assets)
Rationale for benchmark applied	We believe that revenue is the key measurement as group is actively trading and generating revenue which is a generally accepted auditing benchmark.	We believe that gross assets are the key measurement of the company as it not a trading company and its objective is to grow its size which is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £3k and £105k.

Performance Materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at £110k (2023: £158k) and £48k (2023: £19k) for parent company.

We determined performance materiality with reference to factors such as our understanding of the Group and its complexity, the quality of the control environment and ability to rely on controls and the low level of uncorrected misstatements in the prior year audit.

Error Reporting Threshold

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our group audit above £8.5k (2023: £10.5k) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An Overview of the Scope of Our Audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Samarkand Group Plc is located in the United Kingdom and our audit was conducted remotely. The operations of 8 subsidiaries are in the UK and are subject to full scope audits. Operations of the other 6 subsidiaries are based in China. We conducted specific audit procedures in relation to these entities from the UK.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report

Continued

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on Which we are Required to Report by Exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 31, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The Extent to Which the Audit was Considered Capable of Detecting Irregularities Including Fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the mortgage finance industry.
- we focused on specific laws and regulations which we

- considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental, health and safety legislation and anti-money laundering regulations.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
    - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
    - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 of the Group financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.
- In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC and the company's legal advisor.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of This Report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jan Charlesworth (Senior Statutory Auditor)
For and on behalf of **Gravita Audit Limited**, Statutory Auditor
Aldgate Tower
2 Leman Street
London
E1 8FA
9 August 2024

Consolidated Statement of Comprehensive Income

For the year Ended 31 March 2024

	Notes	Year ended 31 March 2024 £	Year ended 31 March 2023 Restated £
Revenue	6	16,922,669	17,476,825)
Cost of sales	6	(6,695,544)	(7,814,362)
Gross profit	-	10,227,125	9,662,463
Selling and distribution expenses	-	(5,715,219)	(5,381,270)
Administrative expenses	8	(8,135,412)	(7,728,517)
Adjusted EBITDA*	-	**(893,366)**	**(2,227,968)**
Share-based payment and related expenses	8	(191,800)	(712,271)
Impairment on intangible assets	8	(2,080,746)	-
Restructuring costs	8	(457,594)	(507,085)
EBITDA*	-	(3,623,506)	(3,447,324)
Depreciation and amortisation	-	(989,208)	(1,140,524)
Operating loss	-	(4,612,714)	(4,587,848)
Finance income	-	6,856	20
Finance costs	-	(261,722)	(162,502)
Loss before taxation	-	(4,867,580)	(4,750,330)
Taxation	12	69,520	150,437
Loss after taxation	-	(4,798,060)	(4,599,893)
Other comprehensive income and loss:			
Exchange differences on translation of foreign operations	-	(7,227)	(47,859)
Items that may be reclassified to profit and loss in subsequent periods	-	(7,227)	(47,859)
Total comprehensive loss for the year	-	(4,805,287)	(4,647,752)
Loss attributable to:			
Equity holders of the Company	-	(4,756,999)	(4,550,522)
Non-controlling interests	-	(41,061)	(49,371)
		(4,798,060)	(4,599,893)
Loss per share (basic and diluted)	11	(0.0815)	(0.0803)
Comprehensive loss attributable to:			
Equity holders of the Company	-	(4,764,226)	(4,598,381)
Non-controlling interests	-	(41,061)	(49,371)
		(4,805,287)	(4,647,752)

* EBITDA and Adjusted EBITDA are non–GAAP measures used to represent the trading performance and results of the Group. EBITDA is defined as profit or loss before tax adjusted for finance income and expense, depreciation and amortisation. Adjusted EBITDA excludes those items the Group considers to be non–recurring and material in nature that may distort an understanding of financial performance or impair comparability.

Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	31 March 2024 £	31 March 2023 Restated £
ASSETS			
Intangible assets	13	4,585,661	7,338,884
Property, plant and equipment	14	77,092	203,417
Right-of-use assets	15	688,628	489,890
Deferred Tax Asset	12	179,350	143,444
Non-current assets		5,530,731	8,175,635
Inventories	16	2,370,941	2,212,227
Trade receivables	17	1,175,380	1,722,637
Corporation tax recoverable	-	59,376	227,946
Other receivables and prepayments	18	625,248	706,513
Cash and cash equivalents	-	867,524	2,017,150
Held for sale	27	216,597	-
Current assets		5,315,066	6,886,473
Total assets		10,845,797	15,062,108
EQUITY AND LIABILITIES			
Share capital	19	583,582	583,582
Share premium	-	22,954,413	22,954,413
Merger relief reserve	19	(2,063,814)	(2,063,814)
Accumulated loss	-	(17,446,128)	(12,880,929)
Currency translation reserve	21	(86,587)	(79,360)
Total equity attributable to parent	-	3,941,466	8,513,892
Non-controlling interest	-	(180,303)	(139,242)
Total equity		3,761,163	8,374,650
Right-of-use lease liabilities	15	617,819	260,779
Borrowings	22	1,434,895	1,398,787
Deferred tax liability	12	492,787	470,356
Accrued liabilities	26	-	512,441
Total non-current liabilities		2,545,501	2,642,363
Trade and other payables	26	3,897,739	3,349,144
Deferred revenue	-	480,220	328,434
Borrowings	22	61,593	54,511
Right-of-use lease liabilities	15	99,581	313,006
Total current liabilities		4,539,133	4,045,095
Total liabilities		7,084,634	6,687,458
Total liabilities and equity		10,845,797	15,062,108

The financial statements were approved by the board of directors and authorised for issue on 9 August 2024 and are signed on its behalf by:

David Hampstead
Director

Company Registration No. 13127277

Consolidated Statement of Changes in Equity

For the year Ended 31 March 2024

	Share capital £	Share premium £	Merger relief reserve £	Currency translation reserve £	Accumulated loss restated £	Non-controlling interests £	Total equity restated £
Balance at 1 April 2022	547,148	21,022,958	(2,063,814)	(31,501)	(8,546,753)	(89,871)	10,838,167
Loss after taxation (restated)	-	-	-	-	(4,550,522)	(49,371)	(4,599,893)
Other comprehensive loss	-	-	-	(47,859)	-	-	(47,859)
Total comprehensive loss for the year	-	-	-	*(47,859)*	*(4,550,522)*	*(49,371)*	*(4,647,752)*
Shares issued on subscription	35,976	1,902,413	-	-	-	-	1,938,389
Shares issued on acquisition	458	29,042	-	-	-	-	29,500
Share based payments	-	-	-	-	216,346	-	216,346
	36,434	*1,931,455*	-	-	*216,346*	-	*2,184,235*
Balance at 31 March 2023 (restated)	**583,582**	**22,954,413**	**(2,063,814)**	**(79,360)**	**(12,880,929)**	**(139,242)**	**8,374,650**
Loss after taxation	-	-	-	-	(4,756,999)	(41,061)	(4,798,060)
Other comprehensive loss	-	-	-	(7,227)	-	-	(7,227)
Total comprehensive loss for the year	-	-	-	*(7,227)*	*(4,756,999)*	*(41,061)*	*(4,805,287)*
Share based payments	-	-	-	-	191,800	-	191,800
	-	-	-	-	*191,800*	-	*191,800*
Balance at 31 March 2024	**583,582**	**22,954,413**	**(2,063,814)**	**(86,587)**	**(17,446,128)**	**(180,303)**	**3,761,163**

Consolidated Statement of Cash Flows

For the year Ended 31 March 2024

	31 March 2024 £	31 March 2023 Restated £
Cash flows from operating activities		
Loss after taxation	(4,798,060)	(4,599,893)
Cash flow from operations reconciliation:		
Depreciation and amortisation	989,208	1,140,524
Impairment of Intangible asset	2,080,746	-
Finance expense	113,225	20,630
Finance income	(6,856)	(20)
Income tax credit	(69,520)	(150,437)
Share based payment	191,800	216,346
Working capital adjustments:		
(Increase)/decrease in inventories	(158,714)	1,508,021
Decrease in trade and other receivables	628,522	131,918
Increase/(decrease) in trade and other payables	187,942	(626,169)
Cash used in operating activities	(841,707)	(2,359,080)
Taxes received/(paid)	224,615	(7,477)
Net cash used in operating activities	(617,092)	(2,366,557)
Cash flows from investing activities		
Purchase of property, plant and equipment	(37,484)	(67,602)
Purchase of intangible assets	(220,734)	(1,095,564)
Payment of deferred consideration	-	(80,000)
Disposal of property, plant and equipment	84,206	9,336
Disposal of right of use asset	(47,813)	-
Disposal of intangible asset	16,435	-
Finance income	6,856	20
Net cash used in investing activities	(198,534)	(1,233,810)
Cash flows from financing activities		
Proceeds from issue of shares, net of fees	-	1,937,889
Repayment of right-of-use lease liabilities	(283,218)	(329,001)
Interest paid	(21,717)	(24,671)
Proceeds from other loans	31,363	-
Repayment of borrowings	(54,857)	(71,131)
Net cash generated used in/(from) financing activities	(328,429)	1,513,086
Net decrease in cash and cash equivalents	(1,144,055)	(2,087,282)
Cash and cash equivalents – beginning of the year	2,017,150	4,049,118
Effects of exchange rate changes on the balance of cash held in foreign currencies	(5,571)	55,314
Cash and cash equivalents – end of the year	867,524	2,017,150

Notes forming part of the Consolidated Financial Statements

For the year Ended 31 March 2024

1. General Information

Samarkand Group plc was incorporated in England and Wales on 12 January 2021 as a public company with limited liability under the Companies Act 2006.

Samarkand Group plc's registered office is Unit 13 Trade Park, Ingot Way, Tonbridge, England, TN9 1GN.

The Consolidated Group financial statements represent the consolidated results of Samarkand Group plc and its subsidiaries, (together referred to as the "Group").

2. Basis of Preparation and Measurement

(a) *Basis of Preparation*

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards.

Unless otherwise stated, the financial statements are presented in Pounds Sterling (£) which is the currency of the primary economic environment in which the Group operates.

Transactions in foreign currencies are translated into £ at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date. The resulting gain or loss is reflected in the "Consolidated Statements of Comprehensive Income" within either "Finance income" or "Finance costs".

The financial statements have been prepared under the historical cost convention except for certain financial instruments that have been measured at fair value.

Going Concern

The financial statements have been prepared on a going concern basis, assuming that the Group will continue its operations for the foreseeable future. The Directors have assessed the Company's ability to continue as a going concern, taking into consideration the current economic and market conditions, as well as the Group's financial performance and cash flow projections.

The Group's revenues have decreased by 3% against the prior year and adjusted EBITDA losses have reduced by 60% against the prior year as a result of material improvements in gross margin, growth in our owned brands and the delivery of operating efficiencies across the business as we continue to focus on profitable growth. Cost reduction initiatives were taken to improve the Group's operating efficiency, it's financial position to mitigate the impact of challenging market conditions in China. For the year ended 31 March 2024, the Group reported an adjusted EBITDA loss of £0.9m (2023: £2.2m) and total comprehensive loss of £4.8m (2023: £4.7m).

Despite the progress made, the Group continued to face challenging market conditions in China, with revenues generated from distributing third-party consumer brands in China falling year on year as a result of increasingly competitive market conditions and higher levels of price and promotional intensity in the face of a more cautious, value seeking consumer. As such, the Group is reconfiguring its focus to fewer third-party brands which have the potential for long term success. This will enable greater attention and focus on development of our own brands in China.

The Directors recognise the importance of moving the Group into profitability and have made significant progress towards this goal. In addition, the Directors are actively exploring additional funding options to support the Group's operations and long-term viability. In June 2024, the Group completed the disposal of its Probio7 brand. The proceeds of the disposal have enabled the Group to acquire Optimised Energetics, a premium skincare manufacturer to secure its manufacturing services to Napiers, improving the overall Group's margins and profitability. Proceeds from the disposal will also allow the Group to increase resources to support the growing working capital requirements of Napiers and Zita West.

The Directors continue to consider various options including trade financing, and other strategic opportunities. These efforts are ongoing, and the Directors are diligently working towards these goals.

Despite the cost base reduction and ongoing exploration of additional funding, in the event that trading does not proceed as planned and in conjunction with the loan with Global Smollan Holdings becoming due in September 2025, the Group's financial performance and cash flow projections indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Global Smollan Holdings, our largest strategic shareholder has expressed ongoing support for the business and have indicated their willingness to re-negotiate the loan when it falls due.

Although there are material uncertainties, several mitigating factors have been considered by the Directors in their assessment of the going concern assumption. These include the steps taken to further reduce costs and the progress made in exploring various strategic options to raise additional funds. The Directors believe that these factors, will enable the Group to overcome the identified challenges and continue its operations.

To address the material uncertainties, the Directors will continue to closely monitor the Group's financial performance, cash flow projections, and market conditions. They will continue to proactively manage the Group's cost base, seeking further efficiencies where possible.

The Directors are confident in the Group's ability to mitigate the identified risks and uncertainties. As a result, the financial statements have been prepared on a going concern basis, acknowledging the material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

(b) *Basis of Consolidation*

The Consolidated Group financial statements comprise the financial statements of Samarkand Group plc and its subsidiaries listed in Note 5 "Subsidiaries" to the Consolidated Group financial statements.

A subsidiary is defined as an entity over which Samarkand Group plc has control. Samarkand Group plc controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Intra-group transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

(c) *New Standards and Interpretations*

New and amended IFRS standards that are effective for the current year

In the current year, a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) and endorsed by the UK Endorsement Board became mandatorily effective for an accounting period that begins on or after 1 April 2023. The following standards, amendments and interpretations were adopted by the Group.

Standard, amendment or interpretation	Description	Effective date for accounting period beginning on or after
IAS 12	Amendments resulting from deferred tax assets and liabilities arising from a single transaction	1 January 2023

New standards, amendments and interpretations which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standard and Interpretations relevant to the Group, which have not yet been applied in these financial statements, were in issue but not yet effective:

Notes forming part of the Consolidated Financial Statements

Continued

Standard, amendment or interpretation	Description	Effective date for accounting period beginning on or after
IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
IFRS 16	Amendments to clarify seller-lessee subsequently measured sale and lease-back transactions	1 January 2024
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2025

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable. The application of these standards and amendments in future periods is not currently expected to have a significant impact on the Group's financial statements.

3. Significant Accounting Policies

The preparation of the Consolidated Group financial statements in compliance with IFRS requires the Directors to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Group financial statements are disclosed in Note 4 "Significant judgements, estimates and assumptions" to the Consolidated Group Financial Information.

(a) *Foreign Currency Transactions and Translation*

The Consolidated Group financial statements are presented in Pounds Sterling, which is the functional currency of the parent company.

At each balance sheet date, monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income/(loss).

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the "Statement of Financial Position";
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, the Group recognises in "*other comprehensive income*" the exchange differences arising from the translation of the net investment in foreign entities.

(b) *Intangible Assets*

All intangible assets, except goodwill, are stated at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill
Goodwill represents the amount by which the fair value of the cost of a business combination exceeds the fair value of the net assets acquired. Goodwill is not amortised and is stated at cost less any accumulated impairment losses.

The recoverable amount of goodwill is tested for impairment annually or when events or changes in circumstance indicate that it might be impaired. Impairment charges are deducted from the carrying value and recognised immediately in the income statement. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Acquisition-related intangible assets
Net assets acquired as part of a business combination includes an assessment of the fair value of separately identifiable acquisition-related intangible assets, in addition to other assets, liabilities and contingent liabilities purchased. These are amortised on a straight-line basis over their useful lives which are individually assessed.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The estimated useful lives are as follows:

Website	3-5 years
Patents and trademarks	7 years
Internally developed assets	5 years
Brand names	10-20 years

(c) *Research and Development Expenditure*

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except those costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if the Group can demonstrate all of the following:

- its ability to measure reliably the expenditure attributable to the asset under development;
- the product or process is technically and commercially feasible;
- its future economic benefits are probable;
- its ability to use or sell the developed asset; and
- the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Certain internal salary costs are included where the above criteria are met. These internal costs are capitalised when they are incurred in respect of technology with commercial applications. Development expenditure initially recognised as an expense is not recognised as assets in subsequent periods.

Capitalised development expenditure is amortised on a straight-line basis over an asset's expected useful life which has been estimated at 5 years when the technology or services are ready for use. In the event that it is no longer probable that the expected future economic benefits will be recovered, the development expenditure is written down to its recoverable amount.

(d) *Property, Plant and Equipment*

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Group.

Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives:

Office equipment	3 years
Computer equipment	3 years
Machinery	7 years
Leasehold improvements	Straight line over the lease term

Property and equipment held under leases are depreciated over the shorter of the lease term and estimated useful life.

(e) *Impairment of Financial Assets*

IFRS 9 "Financial Instruments" requires an expected credit loss model to be adopted. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. The credit event does not have to occur before credit losses are recognised.

IFRS 9 "Financial Instruments" allows for a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and contract assets.

The Group has one type of financial asset subject to the expected credit loss model: trade receivables.

The expected loss rates are based on the Group's historical credit loss experience, adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

Notes forming part of the Consolidated Financial Statements

Continued

(f) *Impairment of Non-financial Assets*

At each reporting date, the Directors assess whether indications exist that an asset may be impaired. If indications do exist, or when annual impairment testing for an asset is required, the Directors estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the Directors consider the asset impaired and write the subject asset down to its recoverable amount. In assessing value-in-use, the Directors discount the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, the Directors consider recent market transactions, if available. If no such transactions can be identified, the Directors utilise an appropriate valuation model.

When applicable, the Group recognises impairment losses of continuing operations in the *"Statements of Profit or Loss and Other Comprehensive Income"* in those expense categories consistent with the function of the impaired asset.

(g) *Right-of-use Assets*

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(h) *Leases*

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
- leases of low value assets; and
- leases with a duration of 12 months or less

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Extension option:

The property lease contains an extension option exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

(i) *Taxation*

Current taxation

Current income tax assets and liabilities are measured at the amount to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the jurisdictions where the Group operates and generates taxable income.

Deferred taxation
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and expected to apply when the related deferred tax is realised or the deferred liability is settled.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

(j) *Revenue from Contracts with Customers and Other Income*

The Group's revenue represents the fair value of the consideration received or receivable for the rendering of services and sale of goods, net of value added tax and other similar sales-based taxes, rebates and discounts after eliminating intercompany sales. In particular:

Sale of goods
For Distribution, Brand Ownership and Nomad Technology, revenue includes the sale and distribution of goods. The primary performance obligation is the transfer of goods to the customer. For wholesale revenue (revenue from other businesses), control is transferred when the goods leave the Group's premises. For online revenue, control transfers when the title and risk of loss has passed to the customer, this is when the goods are delivered to the customer, the timing of transfer is dependent on the terms of trade with the online platform. Provision for returns and other allowances are reflected in revenue when revenue from the customer is first recognised. Returns are initially estimated based on historical levels and adjusted subsequently as returns are incurred.

When the Group acts as principal in sale of goods and services, revenue from customers and costs with suppliers are reported on a gross basis. When the Group acts as agent in sale of goods and services, revenue from customer and costs with suppliers are reported on a net basis, representing the net margin earned. Whether the Group is acting as principal or agent depends on management's analysis of both legal form and substance of the agreement between the Group and its business partner.

Acting as principal to a contract for services

For Nomad Technology, the Group provides managed services with certain arrangements that may be sub-contracted to third-party agents. Under these arrangements, a business partner may appoint the Group as the service provider in respect of the managed services. The Group is responsible for planning and execution of such services. Whilst the Group may sub-contract its obligation under the arrangement, it remains responsible for delivery of the service obligations to the business partner. In these circumstances, the Group is considered to be the principal to the arrangement as it controls the service before transferring it to the customer. In particular, the Group retains the ability to direct the use of, and obtain substantially all of the remaining benefits from, the agreement. Accordingly, the Group recognises revenue and cost on a gross basis.

Revenue for these managed services are recognised as the services are performed and the obligations are discharged, or if there are no key performance obligations, straight line over the relevant period.

(k) *Employee Benefits*

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(l) *Finance Income and Expenses*

Financing expenses comprise interest payable on lease liabilities, leases recognised in profit or loss using the effective interest method, and net foreign exchange losses that are recognised in the income statement. Financing income comprise interest receivable on cash deposits and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Notes Forming Part of the Consolidated Financial Statements

Continued

(m) *Cash and Cash Equivalents*

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(n) *Trade and Other Receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(o) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first in first out principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition.

(p) *Provisions*

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(q) *Contingent Liabilities*

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflow of resources is uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the Consolidated Group Financial Information but are disclosed unless they are remote.

(r) *Merger Relief*

The issue of shares by Samarkand Group plc is accounted for at the fair value of the consideration received. Any excess over the nominal value of the shares issued is credited to the share premium account other than in a business combination where the consideration for shares in another company includes the issue of shares, and on completion of the transaction, Samarkand Holdings has secured at least a 90% equity holding in the other company. In such circumstances the credit is applied to the merger relief reserve.

In the case of the Samarkand Holdings' acquisition of Samarkand Global Limited in 2017, where all of the issued shares were acquired on a share for share basis, then merger relief has been applied to those shares issued in exchange for shares in Samarkand Global Limited.

(s) *Share-based Payment Arrangements*

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Where there are no vesting conditions, the expense and equity reserve arising from share-based payment transactions is recognised in full immediately on grant.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

(t) *Segmental Reporting*

The Board is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. The Group has one reportable segment with four revenue streams, being Brand Ownership, Brand Acceleration, Nomad Checkout and Distribution business units engaged in the B2B and B2C sale of products and eCommerce technology solutions for Western brands and retailers selling into China. An analysis is included in Note 6 and 7 to the Consolidated Financial Information.

(u) *Non-current Assets Held for Sale*

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probably, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed withing one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income.

All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

4. Significant Accounting Judgements, Estimates and Assumptions

The Directors have made the following judgements which may have a significant effect on the amounts recognised in the Consolidated Group financial statements:

Accounting Estimates

(a) *Inventory Provisions*

Inventory is carried at the lower of cost and net realisable value, on a first in first out principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition. A provision is also made to write down any obsolete inventory to the net realisable value. The provision is £399,171 at 31 March 2024 (2023: £768,400) and an overall charge of to the consolidated statement of comprehensive income of £140,395 (2023: £259,856).

(b) *Impairment of the Intangibles*

IFRS requires the Directors to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving judgement in determining estimates, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- the level of capital expenditure to support long-term growth; and
- the selection of discount rates to reflect the risks involved.

Notes Forming Part of the Consolidated Financial Statements

Continued

The Directors prepare and approve cash flow projections which are used in the fair value calculations.

Whilst the Directors consider their assumptions to be realistic, the Group's impairment evaluation is highly sensitive to the actual results and factors outside the control of the Directors, including the ability of the Group to secure sufficient funding to be able to fulfil the financial projections and continue as a going concern, and if those differ from the expectations of the Group's impairment could be affected. In addition, the use of different estimates, assumptions and judgements, in particular those involved in a) determining a value base on our current expectations of future conditions and associated cashflows from the Group's operation b) our determination level at which the Group assets can be reasonably tested for impairment separately from other parts of the business and c) our treatment of centrally held assets, could each result in material differences in the carrying values of assets and assessments of impairment.

Accounting Judgement

(c) *Internally Developed Assets*

Research expenditure is recognised in the income statement in the period in which it is incurred. Development expenditure is recognised in the income statement in the period in which it is incurred unless it is probable that economic benefits will flow to the Group from the asset being developed, the cost of the asset can be reliably measured and technical feasibility can be demonstrated, in which case it is capitalised as an intangible asset on the statement of financial position.

Initial capitalisation of costs is based on the Directors' judgement that technological and economic feasibility of the asset is confirmed, usually when a development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, the Directors have made assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. Capitalisation ceases when the asset being developed is ready for use.

Cost of internally generated intangible assets comprise of directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Group. More specifically, time spent that is eligible for capitalisation includes time that is intrinsic to the development of new software and the enhancement of existing software. Time spent on eligible development projects are based on estimates by the Chief Technology Officer. Development costs that do not meet the above criteria are expensed as incurred. In particular, time that is spent on the maintenance of existing software is recognised as an expense.

At 31 March 2024, the carrying amount of capitalised development costs was £nil (2023: £2,340,304).

(d) *Right-of-use Assets*

At the commencement of a lease, an initial assessment is made as to whether or not it is likely that a renewal option will be exercised and therefore the lease term is determined at this point.

Judgement as to the likely lease term has a direct impact on the calculation of right-of-use assets and lease liabilities as well as related depreciation and finance expenses. The Directors have determined that the Group will not extend its lease on the current terms.

In addition to the lease term, judgement is applied to the interest rate if the rate is not implicit in the lease, the Group's incremental borrowing rate is applied and will have direct impact on the calculation of right-of-use assets and lease liabilities.

5. Subsidiaries

Details of the Group's subsidiaries as at 31 March 2024 are as follows:

Company	***Country of registration or incorporation***	***Registered office***	***Principal activity***	***Percentage of ordinary shares held***
Samarkand Holdings Limited	England & Wales	Unit 13 Tonbridge Trade Park, Ingot Way, Tonbridge, England, TN9 1GN	Holding company	100%
Forever Young International Limited	England & Wales	As above	UK & European distribution	100%*
Samarkand Global Limited	England & Wales	As above	eCommerce provider	100%*
Zita West Products Limited	England & Wales	As above	UK distribution	100%*
Babawest Ltd	England & Wales	As above	UK distribution	51%*
Napiers 1860 Group Limited	Scotland	18 Bristo Place, Edinburgh, Scotland, EH1 1EZ	UK distribution	100%*
The Edinburgh Herbal Dispensary Limited	Scotland	As above	UK distribution	100%*
Duncan Napier Limited	Scotland	As above	UK distribution	100%*
Samarkand Global (Beijing) Limited	People's Republic of China	Room 107 No.701, 7th Floor, Building 1 Westend, No. 100 Balizhuang, Chaoyang District, Beijing	Administrative	100%*
Shanghai Samarkand Technology Service Co., Ltd	People's Republic of China	Room 205, No.438 Pudian Road, China (Shanghai) Pilot Free Trade Zone	Administrative	100%*
Samarkand Global HK Limited	Hong Kong (SAR), China	Unit 1003, 10/F., Tower 2 Silver-cord, 30 Canton Rd, Tsim Sha Tsui, Hong Kong	Sale of goods into Hong Kong	100%*
Shanghai EastWest Network Technology Co., Ltd	People's Republic of China	Room 2021, Building 2, No. 181 Songyu Road, Tinglin Town, Jinshan District, Shanghai	Technology licensing	100%*
Shanghai Samarkand Import & Export Trading Co. Ltd	People's Republic of China	Room 230, 2nd Floor, 106 Nan-dandong Road, Xuhui District, Shanghai, China	Chinese distribution	100%*
Samarkand USA INC	USA	30 N Gould St, N Sheridan, Wyoming, USA	US Distribution	100%*

* held indirectly

Notes Forming Part of the Consolidated Financial Statements

Continued

6. Revenue from Contracts with Customers

During the year ending 31 March 2024, the revenue from contracts with customers have been realigned to better reflect how the Chief Operating Decision Maker (CODM) reviews financial information and manages its business units. The realignment is designed to provide enhanced transparency and better reflect the Group's evolving business model and strategy. Historical results have been adjusted to reflect his change for all periods presented.

Disaggregation of revenue from contracts with customers:

	31 March 2024 £	31 March 2023 £
Revenue analysed by class of business:		
Brand ownership	7,748,048	6,678,067
Brand acceleration	8,204,409	9,976,116
Distribution	740,999	658,538
Nomad Checkout	149,337	119,017
Other	79,876	45,087
Total Revenue	**16,922,669**	**17,476,825**
Cost of sale by business unit:		
Brand ownership	2,772,796	2,516,506
Brand acceleration	3,539,317	4,948,361
Distribution	351,413	319,947
Nomad Checkout	31,707	26,846
Other	311	2,702
Total costs of sale	**6,695,544**	7,814,362

7. Operating Segments

The activities of the Group are not measured or reported internally on a segmental basis as they are not considered to be attributable to any specific business segment.

	31 March 2024 £	31 March 2023 £
Revenue by geographical destination:		
UK	6,529,226	5,378,273
China	9,764,724	11,712,321
Rest of the world	628,719	386,231
Total revenue	**16,922,669**	**17,476,825**

8. Administrative Expenses

An analysis of the Group's expenses by nature is as follows:

	31 March 2024 £	31 March 2023 £
Administrative expenses:		
Property costs	246,956	279,992
Staff costs	3,932,703	4,629,379
Professional fees	476,932	622,188
Other	748,681	977,602
Share based payment	191,800	712,271
Impairment loss (a)	2,080,746	-
Restructuring costs (b)	457,594	507,085
Total administrative expenses	**8,135,412**	**7,728,517**

a. During the year, the Group made the difficult decision to stop supporting the Nomad Checkout product and as a result of the evolving eCommerce Market in China, reduce the number of brands it works with, to focus on a select number of high potential clients, and on its owned brands. The decision aligns with the Group's commitment to its strategic objective to move towards profitability. As a result of this decision the Group has recognised a non-cash impairment expense of £2,080,746 which represents carrying value of the Nomad platform.

b. Restructuring costs are as a result of corrective actions taken in light of changing cross-border eCommerce Market in China and costs associated with relocation of UK warehouse.

9. Staff Costs

	31 March 2024 £	31 March 2023 £
Aggregate staff costs (including directors)		
Wages and salaries (including bonuses)	3,632,334	5,060,803
Social security and other payroll taxes	443,152	717,719
Pension costs	104,379	161,331
Share based payment charge	191,800	712,271
Capitalised development costs	(180,832)	(1,076,159)
Other	40,377	64,901
Total staff costs*	**4,231,210**	**5,640,866**

*Staff costs include £106,708 (2023: £229,215) of restructuring costs

	31 March 2024 £	31 March 2023 £
Average number of employees		
Management	13	13
Sales operations	66	78
Finance and administration	10	13
Technology	6	18
	95	**122**

Capitalised development costs comprise of directly attributable costs necessary to create, produce, and prepare the intangible to be capable of operating in the manner intended by the company. More specifically, time spent that is eligible for capitalisation includes time that is intrinsic to the development of new software and the enhancement of existing software.

Notes Forming Part of the Consolidated Financial Statements

Continued

Remuneration of Key Management Personnel

Key Management personnel of the Group comprise the Directors of Samarkand Group plc and other senior members of staff. The emoluments and benefits of Key Management personnel were as follows:

	31 March 2024 £	31 March 2023 £
Short-term employee benefits	1,079,710	1,140,710
Post-employment benefits	31,145	32,262
Share based payment	87,204	89,730
Termination benefit	27,853	-
Total remuneration	**1,225,912**	**1,262,702**

Disclosure for key management personnel remuneration has been updated in the current year which affects comparative. Disclosure of Directors' Remuneration and details of the highest paid Director is provided in the Corporate Governance Report section of the Directors' Report.

10. Auditors' Remuneration

	31 March 2024 £	31 March 2023 £
Fees payable to the Company's auditor:		
For audit services		
Audit of the financial statements of the Group	140,000	100,000

11. Loss Per Share

	31 March 2024	31 March 2023 Restated
Basic and diluted loss per share	(8.15) pence	(8.03) pence
Weighted average number of shares (basic and diluted)	58,358,201	56,635,964

Basic loss per share is calculated by dividing the loss after tax attributable to the equity holders of Samarkand Group plc by weighted average number of shares in issue. For diluted loss per share, the weighted average number of shares in issue is adjusted to assume conversion of dilutive potential ordinary shares. The Group's potentially dilutive securities consist of share options and warrants. As the Group is loss-making, none of the potentially dilutive securities are currently dilutive.

12. Taxation

i) Tax Expense

The components of the provision for taxation on income included in the *"Statement of Profit or Loss and Other Comprehensive Income"* for the periods presented are summarised below:

	31 March 2024 £	31 March 2023 Restated £
Current tax		
UK corporate income tax credit	(56,045)	(106,759)
Deferred tax		
UK deferred income tax credit	(13,475)	(43,498)
Total income tax credit	**(69,520)**	**(150,257)**

The differences between the statutory income tax rate and the effective tax rates are summarised as follows:

	31 March 2024 £	31 March 2023 Restated £
Loss before income taxes	(4,867,580)	(4,750,330)
Expected tax at statutory UK corporation tax rate of 25% (2023: 19%)	(1,216,895)	(902,563)
Increase/(decrease) in tax resulting from:		
Effect of different tax rates in foreign jurisdictions	(16,877)	42,536
Research and development tax credits	(52,713)	(108,275)
Tax losses carried forward	466,235	747,220
Over provision in previous periods	(3,332)	(981)
Movement in deferred tax	66,722	(1,723)
Non-deductible expenditure	687,340	73,529
	(69,520)	**(150,257)**

ii) Impact of Amendments to IAS 12 on Leases

Amendments to IAS 12 regarding the recognition of deferred tax assets and liabilities on lease transactions were effective for accounting period beginning on or after 1 January 2023. The Group adopted these amendments in the current year, which required the recognition of deferred tax on the temporary differences arising from the right-of-use assets and the corresponding lease liabilities. The Group applied the amendments retrospectively, resulting in a restatement of prior year financial statements.

Reconciliation of changes in loss for previous financial year - Group	**31 March 2023 £**
Adjustment to prior year	
Loss after taxation as previously reported	(4,620,865)
Adjustments	20,972
Loss after taxation as adjusted	(4,599,893)

Notes Forming Part of the Consolidated Financial Statements

Continued

12. Taxation Cont.

Reconciliation of changes in equity – Group

Adjustment to prior year	**Opening 1 April 2022 £**	**Closing 31 March 2023 £**
Equity as previously reported	10,838,167	8,353,678
Adjustments	-	20,972
Equity as adjusted	10,838,167	8,374,650

iii) Deferred Tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences that arise when the carrying value of assets and liabilities differs between accounting and tax treatments. Deferred tax assets represent the amounts of income taxes recoverable in the future in respect of those differences, while deferred tax liabilities represent the amounts of income taxes payable in the future in respect of those differences.

The deferred tax is made up of:

	31 March 2024 £	**31 March 2023 Restated £**
Deferred tax on leases (IFRS 16)	179,350	143,444
Total deferred tax asset	**179,350**	**143,444**
Accelerated capital allowances	(320,630)	(347,884)
Deferred tax on leases (IFRS 16)	(172,157)	(122,472)
Total deferred tax liability	**(492,787)**	**(470,356)**
Net deferred tax liability	**(313,437)**	**(326,912)**

The following are the major deferred tax liabilities recognised by the Group and any movements thereon:

	31 March 2024 £	31 March 2023 Restated £
Accelerated capital allowances	(320,630)	(347,884)
Net deferred tax on leases (IFRS 16)	7,193	20,972
Total	**(313,437)**	**(326,912)**

The Group had £11,711,781 (2023: restated £10,421,225) of tax losses available to be carried forward against future profits.

Notes Forming Part of the Consolidated Financial Statements

Continued

13. Intangible Assets

	Development costs £	Trademarks £	Brands £	Goodwill £	Website £	Total £
Cost						
At 1 April 2022	2,330,437	99,596	2,484,091	2,829,718	70,198	7,814,040
Additions	1,076,159	18,624	-	-	782	1,095,565
At 31 March 2023	3,406,596	118,220	2,484,091	2,829,718	70,980	8,909,605
Additions	180,832	17,402	-	-	22,500	220,734
Disposal	-	-	-	(16,435)	-	(16,435)
Reclassify as held for sale (note 27)	-	(70,634)	(459,916)	-	(24,130)	(554,680)
At 31 March 2024	3,587,428	64,988	2,024,175	2,813,283	69,350	8,559,224
Amortisation						
At 1 April 2022	493,548	32,503	271,680	-	5,073	802,804
Charge for the year	572,744	14,108	161,960	-	19,105	767,917
At 31 March 2023	1,066,292	46,611	433,640	-	24,178	1,570,721
Charge for the year	462,365	16,770	161,938	-	19,106	660,179
Impairment	2,058,771	4,446	-	10,236	7,293	2,080,746
Reclassify as held for sale (note 27)	-	(39,602)	(287,448)	-	(11,033)	(338,083)
At 31 March 2024	3,587,428	28,225	308,130	10,236	39,544	3,973,563
Net book value						
At 31 March 2024	-	36,763	1,716,045	2,803,047	29,806	4,585,661
At 31 March 2023	2,340,304	71,609	2,050,451	2,829,718	46,802	7,338,884

Impairment of Intangible Assets

At each reporting date, the Directors assess whether indications exist that an asset may be impaired. If indications do exist, the Directors estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's fair value less costs to sell and its value-in-use.

Management have assessed that there are 3 cash generating units, these include Brand Acceleration, Brand Ownership and Distribution. Brand Acceleration encompasses the technology and service solutions designed to provide Clients cross border eCommerce solutions into China, the solutions are built on the Nomad Platform and is integrated with Chinese eCommerce platforms, payment providers and logistic companies. Brand Ownership includes the sale of our owned branded products through retailers, online and other marketplaces across the UK, China and ROW. Distribution includes the sale of third-party brands to UK and European retailers.

Management have performed an impairment review as required by IAS 36 and have concluded, as a result of the decision to stop supporting the Nomad Checkout product and the changing eCommerce market in China and the Group's decision to focus on a select number of high potential brands and its our own brands, an impairment charge of £2,080,746 has been recognised which represents the carrying value of the Nomad Platform. No impairment is indicated for its other core cash generating unit, Brand Ownership.

The recoverable amount of the assets has been determined from a review of the current and forecasted performance of the cash generating unit through to March 2029. The key assumptions for these calculations are discount rates and revenue growth rates. In preparing these projections, a discount rate of 12% has been used based on the weighted average cost of capital and the perpetual growth rate of 4% has been assumed. Management has also made assumptions around the growth in relation to revenues generated from Brand Ownership Sales. This includes acquiring new customers, increasing the number of sales channels and partners in its distribution network and adjusting its cost base. If management's assumptions with regards to revenue were to change by 1% over the projected period with corresponding change to variable costs, the value in use calculation would result in £881k change for Brand Ownership, in the recoverable amount of the assets. If management's assumptions with regards to discount rate were to change by 1% over the projected period, the value in use calculation would result in a £2m change for Brand Ownership, in the recoverable amount of the asset.

14. Property, Plant and Equipment

	Office equipment £	Computer equipment £	Leasehold improvements £	Machinery £	Total £
Cost					
At 1 April 2022	128,120	192,308	78,575	50,745	449,748
Additions	30,330	6,302	30,970	-	67,602
Reclassify	(23,588)	(3,500)	27,088	-	-
Disposal	(12,750)	(51,500)	-	-	(64,250)
Foreign exchange	(13)	(718)	-	-	(731)
At 31 March 2023	122,099	142,892	136,633	50,745	452,369
Additions	37,201	283	-	-	37,484
Disposal	(43,491)	(8,299)	(123,597)	(50,745)	(226,132)
Foreign exchange	(60)	(3,687)	-	-	(3,747)
At 31 March 2024	115,749	131,189	13,036	-	259,974
Depreciation					
At 1 April 2022	63,021	109,366	29,314	4,830	206,531
Charge for the year	19,833	45,802	25,382	7,249	98,266
Reclassify	5,218	(12,268)	7,050	-	-
Disposal	(12,750)	(43,048)	-	-	(55,798)
Foreign exchange	(9)	(38)	-	-	(47)
At 31 March 2023	75,313	99,814	61,746	12,079	248,952
Charge for the year	19,311	29,566	23,738	6,044	78,659
Disposal	(40,579)	(7,702)	(75,522)	(18,123)	(141,926)
Foreign exchange	(52)	(2,751)	-	-	(2,803)
At 31 March 2024	53,993	118,927	9,962	-	182,882
Net book value					
At 31 March 2024	61,756	12,262	3,074	-	77,092
At 31 March 2023	46,786	43,078	74,887	38,666	203,417

Notes Forming Part of the Consolidated Financial Statements

Continued

15. Right-of-use Assets

	Land and buildings £
Cost	
At 1 April 2022	1,362,545
Additions	155,596
At 31 March 2023	1,518,141
Additions	632,461
Disposal	(1,362,545)
At 31 March 2024	788,057
Amortisation	
At 1 April 2022	753,910
Charge for the year	274,341
At 31 March 2023	1,028,251
Charge for the year	250,370
Disposal	(1,179,192)
At 31 March 2024	99,429
Net book value	
At 31 March 2024	688,628
At 31 March 2023	489,890

The Group leases land and buildings for its offices and warehouses under agreements of between five to ten years with, in some cases, options to extend and break clauses. The leases have initial rent-free periods and 5 yearly upward only rent reviews. No extension to these leases has been assumed, the impact is not considered material to users of the financial statements.

Future minimum lease payments associated with the land and building leases were as follows:

	31 March 2024 £	31 March 2023 £
Not later than one year	156,430	328,491
Later than one year and not later than two years	211,990	218,190
Later than two years and not later than five years	452,910	48,750
Over five years	78,667	-
Total minimum lease payments	**899,997**	**595,431**
Less: future finance charges	(182,597)	(21,646)
Present value of future lease payments	**717,400**	**573,785**
Current	99,581	313,006
Non-current	617,819	260,779
Total lease liabilities	**717,400**	**573,785**

Impact of IFRS 16 “Leases” on the statement of comprehensive income

The following tables summarises the effect of IFRS 16 “Leases” on the Group’s profit/loss before tax for each period presented:

	31 March 2024 £	31 March 2023 £
Loss before tax excluding lease charges	(4,531,394)	(4,247,994)
Lease payments under short-term and low value assets	(60,278)	(201,167)
Depreciation of right of use assets	(250,370)	(274,341)
Lease finance expense	(25,538)	(26,828)
Loss before tax and after lease charges	**(4,867,580)**	**(4,750,330)**

16. Inventories

	31 March 2024 £	31 March 2023 £
Finished goods	2,770,112	2,980,627
Provision for obsolescence	(399,171)	(768,400)
Total inventories	**2,370,941**	**2,212,227**
Cost of inventory recognised in profit and loss	**6,695,544**	**7,814,364**

17. Trade Receivables

	31 March 2024 £	31 March 2023 £
Trade receivables	1,325,677	1,840,464
Provision for expected credit loss	(150,297)	(117,827)
Total trade receivables	**1,175,380**	**1,722,637**

At 31 March 2024, the ageing of the trade receivables was as follows:

	31 March 2024 £	31 March 2023 £
Not due	918,366	1,501,686
0 to 3 months overdue	265,216	232,656
Over 3 months overdue	142,095	106,122
Total trade receivables	**1,325,677**	**1,840,464**

Trade receivables are current and the Directors believe these receivables are collectible. The Directors consistently assess the collectability of these receivables. As at 31 March 2024, the Directors considered a portion of these receivables uncollectable and recorded a provision in the amount of £150,297 (2023: £117,827).

The provision for expected loss rates are based on the Group's historical credit loss experience, client based and the economic conditions. Most significantly, the rate of provision is 100% for amounts more than one year past due. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

Both historic losses and expected future losses being very low, the Directors consider it appropriate to apply a single average rate for expected credit losses to the overall population of trade receivables. The single expected rate applied is 11.3% (31 March 2023: 6.40%). The Directors have identified the gross domestic product growth rates as the key macroeconomic factors in the countries in which the Group operates.

Notes Forming Part of the Consolidated Financial Statements

Continued

18. Other Receivables and Prepayments

	31 March 2024 £	31 March 2023 £
Accrued income	15,570	-
Prepayments	376,981	423,352
Other receivables	232,697	283,161
Total other receivables and prepayments	625,248	706,513

19. Share Capital and Merger Relief Reserve

	31 March 2024 £	31 March 2023 £
Allotted, issued and fully paid:		
58,358,201 (2023: 58,358,201) ordinary shares of 1p each	583,582	583,582

Ordinary shares issued:		Number of shares No.	Share Capital £
At 1 April 2022 and 2023		54,714,783	547,148
Shares issued on 15 August 2022	(a)	45,802	458
Shares issued on 26 September 2022	(b)	**3,597,616**	35,976
At 31 March 2023 and 2024		58,358,201	583,582

a. On 15 August 2022, new shares were issued 45,802 ordinary shares of £0.01 each as part of the deferred consideration for the acquisition of Napiers the Herbalists

b. On 26 September 2022, Samarkand Group plc issued 3,597,616 ordinary shares as part of an open offer for a total consideration of £1,937,889 net of fees.

Shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at meetings of Samarkand Group plc.

Merger relief reserve
The merger relief reserve arises from the issue of shares by Samarkand Group plc in exchange for shares in Samarkand Holdings Limited.

20. Share Based Payments

Samarkand Long Term Incentive Plan
On the 1 April 2022, the Company adopted the Samarkand Long Term Incentive Plan to allow at the discretion of the Board, eligible employees to be granted EMI and non-EMI options at an exercise price to be determined by the Board not less than the nominal value of a share. Options will vest to time based and, if applicable financial and non-financial targets, as the Board may determine.

Options to acquire ordinary shares under the EMI play may be granted up to a maximum of £3m (based on the market value of the shares placed under option at the date of the grant). No consideration is payable for the grant of the option and the options are not transferable or assignable. Cash consideration is paid to the Company by the employee at the point that the share options are exercised.

1,657,070 share options were granted to certain employees as follows.

Grant Date	1 April 2022	1 April 2022	1 April 2022	1 November 2022
Type	EMI	Unapproved	EMI	EMI
No of Options	493,338	68,890	87,295	1,007,547
Vesting Date	1 April 2025	1 April 2025	1 April 2023	1 November 2025
Model Used	Black Scholes	Black Scholes	Black Scholes	Black Scholes
Share price at date of grant	£1.125	£1.125	£1.125	£0.55
Additional conditions	Yes	Yes	N/A	N/A
Volatility	35%	35%	35%	38%
Expected option life (years)	3	3	1	3
Dividend yield	N/A	N/A	N/A	N/A
Risk free investment rate	3.57%	3.57%	3.57%	3.57%
Fair value per option at grant date	£1.116	£1.116	£1.1154	£0.52
Exercise price	£0.01	£0.01	£0.01	£0.01
Exercisable to	1 April 2032	1 April 2032	1 April 2032	1 November 2032

EMI share option scheme

As part of its strategy for executive and key employee remuneration, Samarkand Holdings established an Approved Enterprise Management Incentive ("EMI") Share Option Scheme on 20 October 2020 under which share options may be granted to officers and employees or members of the Group. Under the rules of the Share Option Scheme, Samarkand Holdings may grant EMI options to recruit or retain an eligible employee.

There are overall and individual limits on the total market value (at the relevant dates of grant) of the shares in Samarkand Holdings that can be acquired on the exercise of all EMI Options. The earliest date on which an option may be exercised shall be the earlier of: (i) the Business Day immediately following the 18-month anniversary of the Grant Date; and (ii) the date on which an exit occurs (the vesting date). The Option shall lapse on the tenth anniversary of the Grant Date, assuming it is not exercised before then and no event occurs to cause it to lapse earlier under the Rules. The exercise of option is not subject to any exercise conditions.

Options over 16,964 shares were granted on 20 November 2020.

Unapproved share option scheme

On 20 October 2020, Samarkand Holdings adopted an unapproved share option scheme whereby Samarkand Holdings granted options to its employees. The maximum number of shares over which options that may be granted under the scheme is 11,044. Options over 10,335 shares were granted on 3 December 2020. Following the share for share exchange in March 2021, Samarkand Group plc had the following share options outstanding as at the year-end.

	Weighted average exercise price (pence)	Number
Outstanding at 1 April 2022	9.86	992,000
Forfeited	9.86	(179,031)
Exercised	9.86	(353,200)
Outstanding at 31 March 2023	9.86	459,769
Forfeited	9.86	(53,000)
Exercisable at 31 March 2024	**9.86**	**406,769**

Notes Forming Part of the Consolidated Financial Statements

Continued

Samarkand Preliminary Award

Under the terms of the Samarkand Preliminary Award, certain Executive Directors and members of management were granted awards the base value is calculated as a fixed multiple of salary and will only vest when the related non-financial and financial performance targets are met.

The following table illustrates the number and weighted average exercise price of share options:

	Number	Weighted average exercise price
Outstanding at 1 April 2023	**2,097,287**	**£0.0294**
Forfeited	(678,889)	£0.0169
Number of options outstanding at 31 March 2024	**1,418,398**	**£0.0354**
Exercisable at 31 March 2024	**460,017**	**£0.0883**

Options to subscribe under various schemes, including those noted in Directors' interests on page 26, are shown in the table below:

	Date granted	Exercise Price	Exercisable Between	2024 Number of Share Options	2023 Number of Share Options
Approved	20 Nov 2020	£0.0986	20 Nov 2020 to 20 Nov 2030	70,400	123,400
Unapproved	3 Dec 2020	£0.0986	20 Nov 2020 to 20 Nov 2030	336,369	336,369
Approved	1 Apr 2022	£0.01	1 Apr 2022 to 1 Apr 2025	460,004	493,338
Unapproved	1 Apr 2022	£0.01	1 Apr 2022 to 1 Apr 2025	35,556	68,890
Approved	1 Apr 2022	£0.01	1 Apr 2022 to 1 Apr 2023	53,248	72,894
Approved	1 Nov 2022	£0.01	1 Nov 2022 to 1 Nov 2025	462,821	1,002,396
				1,418,398	**2,097,287**

21. Other Reserves

Currency translation reserve

The currency translation reserve represents cumulative foreign exchange differences arising from the translation of the financial statements of subsidiaries with a functional currency that differs to the Group's presentation currency.

22. Borrowings

The Group's borrowings consist of:

- Fixed rate secured loan notes which incur interest at 5% per annum;
- Unsecured bank loans which incur interest at 2.5% and 5.0% per annum
- Other loans which incur interest at between nil and 15% per annum; and

The following table provides a reconciliation of the Group's future maturities of its total borrowings for each of the periods presented:

	31 March 2024 £	31 March 2023 £
Not later than one year:		
Bank loans (b)	57,043	54,511
Other loans	4,550	-
Current	**61,593**	**54,511**
Payable after one year but less than five years:		
Fixed rate secured loan notes (a)	1,366,430	1,299,746
Bank loans (b)	41,998	99,041
Other loans	26,467	-
Non-current	**1,434,895**	**1,398,787**
Total borrowings	**1,496,488**	**1,453,298**

(a) Fixed Rate Secured Loan Notes

On 24 September 2020, Samarkand Holdings executed a Non-convertible Loan Note Instrument for up to £1,146,299.50. The maturity date on which the principal amount is due to be redeemed is 24 September 2025, or, if earlier, the date on which the Notes are redeemed. The redemption value is the par value of such Notes. Interest is fixed at 5% per annum.

The Notes are secured by way of: i) a debenture from Samarkand Holdings in favour of Global Smollan Holdings ("Smollan") dated 26 July 2019; and ii) a deed of priority amongst Samarkand Holdings, Smollan and HSBC Bank plc dated 26 July 2019.

(b) Bank Loans

On 21 October 2020, Forever Young International Limited entered in a loan from Funding Circle under the Coronavirus Business Interruption Loans Scheme ("CBILS") for a principal sum of £200,000. The loan is guaranteed by the UK Government. The loan incurs interest at a fixed rate of 5.0% and is repayable over five years. No capital repayments are due for the first 12 months following the loan advance. Thereafter the loan is repayable in 48 monthly instalments.

On the 14 June 2020, The Edinburgh Herbal Dispensary Limited received a Bounce Back Loan from Bank of Scotland for a principal sum of £25,000. The loan is guaranteed by the UK Government. The loan incurs a fixed rate of 2.5% and is repayable over six years. No capital repayments are due for the first 12 months following the loan advance. Thereafter the loan is repayable in 60 monthly instalments.

The following table represents the Group's finance costs for each of the periods presented:

	31 March 2024 £	31 March 2023 £
Interest on borrowings	74,668	75,475
Right-of-use lease finance expenses	25,538	26,828
Bank charges	20,245	21,501
Foreign exchange	141,271	38,698
Total finance costs	**261,722**	**162,502**

Notes Forming Part of the Consolidated Financial Statements

Continued

23. Fair Value of Financial Instruments

(a) Fair Value

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the directors utilise valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. IFRS 13 "Fair Value Measurement" establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is defined as follows:

Level 1: Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date.

Level 2: Inputs (other than quoted prices included in Level 1) can include the following:

- observable prices in active markets for similar assets;
- prices for identical assets in markets that are not active;
- directly observable market inputs for substantially the full term of the asset; and
- market inputs that are not directly observable but are derived from or corroborated by observable market data.

Level 3: Unobservable inputs which reflect the Directors' best estimates of what market participants would use in pricing the asset at the measurement date.

Level 2 fair value measurements are those including inputs other than quoted prices included within Level 1 that are observable for the asset or liability directly or indirectly.

As at 31 March 2024 and 31 March 2023 there are no financial instruments measured at fair value.

(b) Financial Instruments

For trade receivables, the Group applies the simplified approach permitted by IFRS 9 "Financial Instruments", which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost.

The Group is not a financial institution. The Group does not apply hedge accounting and its customers are considered creditworthy and pay consistently within agreed payments terms.

A classification of the Group's financial instruments for the periods presented is included in the table below:

	31 March 2024 £	31 March 2023 £
Cash and cash equivalents held at amortised cost	867,524	2,017,150
Trade receivables held at amortised cost	1,175,380	1,722,637
Financial assets at amortised cost	248,267	283,161
Total	**2,291,171**	**4,022,948**
Financial liabilities at amortised cost*	(3,897,740)	(3,349,143)
Borrowings and leases	(2,213,888)	(2,027,083)
	(6,111,628)	(5,376,226)
Total	**(4,300,677)**	**(1,353,278)**

* Deferred revenue has been removed from financial liabilities at amortised cost which affects comparative disclosure.

24. Financial Risk Management

For the purposes of capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of Samarkand Group plc. The primary objective of Samarkand Group plc's capital management is to ensure that the Group maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

To maintain or adjust the capital structure, the Directors may adjust any future dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods presented.

The Directors manage Samarkand Group plc's capital structure and adjust it, in light of changes in economic conditions and the requirements of its financial covenants. The Group includes in its net debt, all loans and borrowings less cash and short-term deposits.

The Group's principal financial liabilities comprise of borrowings and trade and other payables, which it uses primarily to finance its operations.

The Group's principal financial assets include cash and cash equivalents and trade and other receivables derived from its operations.

(a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(b) Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument will not meet its obligations under a contract and arises primarily from the Group's cash in banks and trade receivables.

The Group's credit risk is primarily attributable to its trade and other receivables. The amounts included in the Statement of Financial Position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The Group has a low retail credit risk due to transactions being principally of high volume, low value and short maturity. The Group's trade receivables are primarily with large retail companies with which the Group has long-standing relationships, and the risk of default and write-offs due to bad debts is considered below.

The Group believes the credit risk on liquid funds, being cash and cash equivalents, is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. However, the concentration of credit risk by counterparty does exceed 10% of the overall cash and cash equivalent balance.

(c) Foreign Currency Risk

Foreign currency risk is the risk that future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operational activities (when financial assets and liabilities are denominated other than in a company's functional currency).

Most of the Group's transactions are carried out in Pounds Sterling (£). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's net exposure to foreign exchange risk was as follows:

	CNY £	EUR £	HK$ £	US$ £	JPY £
As at 31 March 2024					
Financial assets in £	438,963	6,123	11,301	39,671	-
Financial liabilities in £	(144,956)	(138,122)	(3,803)	(32,168)	-
Net foreign currency risk	294,007	(131,999)	7,498	7,503	-
As at 31 March 2023					
Financial assets in £	1,048,107	9,928	1,810	391,551	2,140
Financial liabilities in £	(174,855)	(67,308)	(5,765)	(66,750)	(2,140)
Net foreign currency risk	873,252	(57,380)	(3,955)	324,801	-

Notes Forming Part of the Consolidated Financial Statements

Continued

Foreign currency sensitivity analysis:

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates.

A 10 per cent movement in each of the Chinese Yuan (CNY), Euro (EUR), Hong Kong Dollar (HK$) US Dollar (US$) and Japanese Yen (JPY) would increase/(decrease) net assets by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	CNY £	EUR £	HK$ £	US$ £	JPY £
As at 31 March 2024					
Effect on net assets					
Strengthened by 10%	29,401	(13,200)	750	750	-
Weakened by 10%	(29,401)	13,200	(750)	(750)	-
As at 31 March 2023					
Effect on net assets					
Strengthened by 10%	87,325	(5,738)	(396)	32,480	-
Weakened by 10%	(87,325)	5,738	396	(32,480)	-

(d) Cash and Cash Equivalents

The Group assesses credit risk from its cash and cash equivalents on a regular basis before any credit losses are experienced. The Group considers such risk is limited as cash is held with banks with high credit ratings.

(e) Trade Receivables

Trade receivables are due from customers and collectability is dependent on the financial condition of each individual customer as well as the general economic conditions of the industry. The Directors review the financial condition of customers prior to extending credit and generally does not require collateral in support of the Group's trade receivables. The majority of trade receivables are current, and the Directors believe these receivables are collectible.

(f) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they are due. The Directors manage this risk by:

- maintaining adequate cash reserves through the use of the Group's cash from operations and borrowings; and
- continuously monitoring projected and actual cash flows to ensure the Group maintains an appropriate amount of liquidity.

The maturity profile of the Group's financial obligations are as follows:

	Less than 1 year £	**2 to 5 years £**	**More than 5 years £**	**Total £**
Trade and other payables	3,897,739	-	-	3,897,739
Borrowings	61,593	1,434,895	-	1,496,488
Leases (gross cash flows)	156,430	664,900	78,667	899,997
At 31 March 2024	4,115,762	2,099,795	78,667	6,294,224
Trade and other payables	3,349,144	512,441	-	3,861,585
Borrowings	54,509	1,398,787	-	1,453,296
Leases (gross cash flows)	328,491	266,940	-	595,431
At 31 March 2023	3,732,144	2,178,168	-	5,910,312

25. Notes to the Statements of Cash Flows

Net debt reconciliation:

	Opening balances £	Cash flows £	Non-cash movements £	Closing balances £
Year ended 31 March 2024				
Cash & cash equivalents	2,017,150	(1,144,055)	(5,571)	867,524
Right of use lease liabilities	(573,785)	283,218	(426,833)	(717,400)
Borrowings	(1,453,298)	23,494	(66,684)	(1,496,488)
Totals	**(9,933)**	**(837,343)**	**(499,088)**	**(1,346,364)**
Year ended 31 March 2023				
Cash & cash equivalents	4,049,118	(2,087,282)	55,314	2,017,150
Right of use lease liabilities	(720,353)	329,001	(182,433)	(573,785)
Borrowings	(1,452,127)	71,131	(72,302)	(1,453,298)
Totals	**1,876,638**	**(1,687,150)**	**(199,421)**	**(9,933)**

26. Trade and Other Payables

	31 March 2024 £	31 March 2023 £
Trade payables	1,533,882	1,672,907
Accrued liabilities*	1,928,130	1,773,483
Other payables^	130,151	164,199
Other taxes and social security	305,576	250,996
Total	**3,897,739**	**3,861,585**
Current	3,897,739	3,349,144
Non-current	-	512,441
Total	3,897,739	3,861,585

*In November 2021, the Group acquired the Napiers brand and its subsidiaries, for a total consideration of £2.3m. £0.5m of the total £2.3m consideration is contingent upon a certain transaction occurring post-acquisition which will be settled either in cash or the issuance of new Ordinary Shares, at the discretion of Company. This is included in accrued liabilities at £554,439 (2023: £512,441)

^ Included in other payables are HSBC Credit Cards totalling £11,606 (2023: £15,845), along with settlement limits, are secured by way of a debenture over the assets of one of the company's indirect subsidiaries.

Notes Forming Part of the Consolidated Financial Statements

Continued

27. Held for Sale

In line with the Directors decision to sell Probio7, the Group has reclassified the non-current assets of Probio7 as held for sale. As at 31 March 2024, the carrying amount of the non-current assets reclassified to held for sale was £216,597. The fair value of the assets was not materially different from the carrying amount at the reporting date.

The reclassification has no impact on profit or loss for the year ended 31 March 2024. The impact of the reclassification on the statement of financial position was as follows:

	Before reclassification £	**After reclassification £**
Non-current assets		
Intangible assets	216,597	-
	216,597	**-**
Current assets		
Held for sale	-	216,597
	-	**216,597**

28. Contingencies

There are no known contingencies which might impact on the Group's operations or financial position.

29. Related Party Transactions

Amounts owed to related parties
As at 31 March 2024, the Group had a net amount owing to related parties of £64,000 (2023: £64,000). The amounts owing were to directors of one of the Group's subsidiaries. The above balances were unsecured, interest-free and repayable on demand.

Services provided to/purchases from related parties
During the year ended 31 March 2024, the Group made £53,900 (2023: £68,850) of consultancy fees to a related party. The related party is a Director of one of the Group's subsidiary.

The above transactions were entered into on terms equivalent to those that prevail in arm's length transactions. The amounts owing are to be settled in cash.

30. Material Subsequent Events

On 21 May 2024, the Group acquired the entire share capital of Optimised Energetics Ltd for a total consideration of £1.3m, comprising of £650,000 in cash on a cash free debt free basis and deferred consideration of £650,000 payable in cash over a three-year period. The Executive directors provided £400,000 unsecured non-convertible loan to the Company at a rate of 2% above the base rate.

On 13 June 2024, the Group disposed of its probiotic brand Probio7 for a total consideration of £1.3m to be satisfied by initial consideration of £1.1m in cash and deferred consideration of £0.2m payable in equal instalments over a 12-month period. The loans made by the Executive directors were repaid in full.

On 15 July 2024, the Group signed a new trademark license agreement with LG, a skin care and personal care company, which enables LG to use Napiers the Herbalist's trademark and IP for a period five years.

31. Ultimate Controlling Party

As at 31 March 2024, Samarkand Group plc did not have any one identifiable controlling party.

Company Statement of Financial Position

For the year ended 31 March 2024

	Notes	31 March 2024 £	31 March 2023 £
ASSETS			
Investments	4	48,718	520,771
Amounts due from group undertakings	5	7,352,902	11,205,241
Non-current assets		7,401,620	11,726,012
Other receivables and prepayments		2,002	59,130
Cash and cash equivalents		5,169	734,378
Current assets		7,171	793,508
Total assets		7,408,791	12,519,520
EQUITY AND LIABILITIES			
Share capital	8	583,582	583,582
Share premium		22,954,412	22,954,412
Accumulated loss		(18,466,186)	(13,102,518)
Total equity		5,071,808	10,435,476
Borrowings	7	1,366,430	1,299,746
Total non-current liabilities		1,366,430	1,299,746
Trade and other payables	6	119,259	171,833
Accrued liabilities	6	851,294	612,465
Total current liabilities		970,553	784,298
Total liabilities		2,336,983	2,084,044
Total liabilities and equity		7,408,791	12,519,520

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss and related notes in these financial statements. The Parent Company loss for the period was £5,555,468 (2023: £2,586,448)

The financial statements were approved by the Board of Directors and authorised for issue on 9 August 2024 and are signed on its behalf by:

David Hampstead
Director

Company Registration No. 13127277

Company Statement of Changes in Equity

For the year ended 31 March 2024

	Share capital £	Share premium £	Accumulated loss £	Total equity £
Balance at 1 April 2022	547,148	21,022,958	(10,731,941)	10,838,165
Loss and total comprehensive income for the period	-	-	(2,586,448)	(2,586,448)
Share based payments	-	-	215,871	215,871
Issue of shares	36,434	1,931,454	-	1,967,888
Balance at 31 March 2023	**583,582**	**22,954,412**	**(13,102,518)**	**10,435,476**
Loss and total comprehensive income for the period	-	-	(5,555,468)	(5,555,468)
Share based payments	-	-	191,800	191,800
Balance at 31 March 2024	**583,582**	**22,954,412**	**(18,466,186)**	**5,071,808**

Notes Forming Part of the Company Financial Statements

For the year ended 31 March 2024

1. Basis of Preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

In preparing these financial statements the Company has taken advantage of available disclosure exemptions for qualifying entities available under FRS 102 in its individual financial statements.

Therefore, these financial statements do not include the below disclosure requirements on the basis that the parent company information are included in equivalent disclosures provided within these consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

2. Accounting Policies

Investments in Subsidiaries

Investments are included at cost, less amounts written off.

Pensions

The Company operates a defined contribution pension scheme. Contributions payable for the year are charged in the Profit and Loss Account as incurred.

Share-based Payment Arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Where there are no vesting conditions, the expense and equity reserve arising from share-based payment transactions is recognised in full immediately on grant. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

Reserves

Share Capital
The share capital account includes the nominal value for all shares issued and outstanding.

Share Premium
The share premium account comprises the premium over nominal value on issued shares. The use of this reserve is restricted by the Companies Act 2006.

Retained Earnings
The profit and loss account includes the accumulated profits and losses arising from the Income Statement and certain items from the Statement of Changes in Equity attributable to equity shareholders net of distributions to shareholders.

Financial Instruments

Financial instruments are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which comprise of debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities
Basic financial liabilities, including trade creditors and bank loans, loans from fellow Group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(b) Transactions and Balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

Notes Forming Part of the Company Financial Statements

Continued

3. Critical Accounting Estimates and Judgements

The preparation of financial statements under FRS 102 requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Impairment of Investments
The Company is required to make judgments over the carrying value of investments in unquoted companies where fair values cannot be readily established and evaluate the size of any impairment. It is important to recognise that the carrying value of such investments cannot always be substantiated by comparison with independent markets. Hence, the directors' significant judgement in this regard is that the value of their investment represents their costs less impairment.

Determining whether there are indicators of impairment of investments in subsidiaries. Factors taken into consideration in reaching such a decision include the value in use and the fair value less costs to sell. See note 4 for the net carrying amount of the investment in subsidiaries.

4. Investment in Subsidiaries

	31 March 2024 £	**31 March 2023 £**
Cost at 1 April	520,771	353,400
Capital Contribution	143,769	167,371
	664,540	**520,771**
Impairment at 1 April	-	-
Charge	(615,822)	-
	(615,822)	-
Net book value at 31 March	**48,718**	**520,771**

5. Amounts Due from Group Undertakings

	31 March 2024 £	**31 March 2023 £**
Amounts due from group undertakings	7,352,902	11,205,241
Total amounts due from group undertakings	**7,352,902**	**11,205,241**

At 31 March 2024, the Company was owed £21,870,618 (2023: £21,595,432) by its subsidiaries against which a provision of £14,517,716 (2023: £10,390,191) has been made at the year end, leaving a net balance of £7,352,902 (2023: £11,205,241) in the accounts. Amounts owed from group undertakings are unsecured, interest free and repayable on demand.

6. Trade and Other Payables

	31 March 2024 £	31 March 2023 £
Trade and other payables	119,259	171,833
Accruals	851,294	612,465
Total trade and other payables	**970,553**	**784,298**

7. Borrowings

	31 March 2024 £	31 March 2023 £
Fixed rate secured loans	**1,366,430**	**1,299,746**

On 24 September 2020, Samarkand Holdings executed a Non-convertible Loan Note Instrument for up to £1,146,300. The maturity date on which the principal amount is due to be redeemed is 24 September 2025, or, if earlier, the date on which the Notes are redeemed. The redemption value is the par value of such Notes. Interest is fixed at 5% per annum. The secured loan interest is settled on redemption.

8. Share Capital

		31 March 2024 £	31 March 2023 £
Allotted, issued and fully paid:			
58,358,201 (2023: 58,358,201) ordinary shares of 1p each		583,582	583,582
Ordinary shares issued:		Number of shares No.	Share capital £
At 1 April 2022		54,714,783	547,148
Shares issued on 15 August 2022	(a)	45,802	458
Shares issued on 26 September 2022	(b)	3,597,616	35,976
At 31 March 2023 and 2024		58,358,201	583,582

a. On 15 August 2022, new shares were issued 45,802 ordinary shares of £0.01 each as part of the deferred consideration for the acquisition of Napiers the Herbalists

b. On 26 September 2022, Samarkand Group plc issued 3,597,616 ordinary shares as part of an open offer for a total consideration of £1,937,889 net of fees

Shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at meetings of Samarkand Group plc.

Notes Forming Part of the Company Financial Statements

Continued

9. Related Party Transactions

The Company has taken advantage of the exemption included in section 33 of FRS 102 and has not disclosed transactions with other wholly owned members of the Group headed by Samarkand Group plc.

During the year ended 31 March 2024, the Company recharged £6,411 (2023: £3,500) in share group costs to Babawest Limited. As at 31 March 2024 the amount due from Babawest Limited was £18,402 (2023: £10,709) against which a provision of £18,402 was made at year end, these amounts are included in the above in the amounts owed by its subsidiaries.

10. Ultimate Parent Undertaking and Controlling Party

As at 31 March 2024, Samarkand Group plc did not have any one identifiable controlling party.

Company Information

Directors	S P Smiley D R Hampstead J Hern K Higgins T C Dodge G P Smiley
Secretary	E Hang
Company Number	13127277
Registered Office	Unit 13 Tonbridge Trade Park Ingot Way Tonbridge TN9 1GN
Auditor	Gravita Audit Limited Finsgate 57 Cranwood Street London EC1V 9EE
Corporate Adviser	Guild Financial Advisory Limited 382 Russell Court Woburn Place London WC1H 0NH
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD

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